

Exhibit A



MALCOLM BAKER

LIZ KIND

Wells Fargo Convertible Bonds

In April 2003, Howard Atkins, chief financial officer of Wells Fargo & Company (Wells Fargo or the company), was considering the issuance of a convertible debt security. Although the firm had tapped the capital markets for \$23 billion in 2002, this particular issue would be the first of its kind in the company's 151-year history. Atkins had just concluded a meeting with a group of investment bankers, including Kevin Woodruff and Scott Greenberg of Morgan Stanley. He now wondered if he should recommend the transaction to Wells Fargo's chief executive officer, Dick Kovacevich. (See **Exhibit 1** for management biographies on Kovacevich and Atkins.)

Wells Fargo

Wells Fargo was headquartered in San Francisco, California, with \$349 billion in assets as of year-end 2002. Fiscal 2002 net interest income totaled \$14.9 billion and net income totaled \$5.4 billion. (See **Exhibit 2, 3, and 4** for Wells Fargo's financial statements.) Wells Fargo provided a variety of financial services, including banking, insurance, mortgage banking, and consumer finance. Retail, corporate, and commercial banking services were provided through bank subsidiaries in 23 states.¹ Wells Fargo ranked fourth in assets and third in market capitalization among bank holding companies in the U.S.,² and was one of the largest lenders to small businesses in the country. The company had roughly 20 million customers, 5,000 branches, and 127,500 full-time equivalent employees.

Financing Strategy

As of early 2003, Wells Fargo's credit ratings were among the strongest of any financial services company. Its subsidiary, Wells Fargo Bank, was also one of the highest rated banks in the country. Customer deposits funded the bulk of Wells Fargo's assets; the remaining assets were funded by debt and other borrowings. On average, the company rolled over approximately \$30 billion in debt each year. (See **Exhibit 5** for a breakdown on Wells Fargo's long-term debt.) The company's 2002 annual

¹ According to the company's annual report, the company's businesses broke down as follows: community banking (40%), investments and insurance (15%), home mortgage/home equity (13%), specialized lending (12%), wholesale banking (10%), consumer finance (6%), and commercial real estate (4%). Wells Fargo & Company Annual Report 2002, p. 30.

² Financial or bank holding companies were those that had controlling interests in one or more banks. As such, they were required to register with the Federal Reserve System under the Bank Holding Company Act of 1956.

report described its approach to capital management, "The objective of effective capital management is to produce above market long-term returns by opportunistically using capital when returns are perceived to be high and issuing/accumulating capital when such costs are perceived to be low."³ Atkins elaborated:

Given the fact that we are so large and prominent in the capital markets, we have the flexibility to be opportunistic. Although we watch the markets day in and day out, we are not actively issuing on a daily basis. Typically, we try to gain some sort of economic advantage by issuing debt instruments where demand is highest. Rather than having a predetermined notion and dictating exactly what we want to be issuing, we wait for the right opportunity.

The dealers at the investment banks act as our eyes and ears on the market. They contact us almost daily to keep us abreast of what's going on in the capital markets and where demand is strongest. Investor preferences change from one day to the next—sometimes it's one-year CD notes, other times it's ten-year subordinated notes, and other times it's convertible debt securities. Anything is on the table for us, but the starting point when we're talking to the dealers is, "Where is the demand?" My frame of reference is to determine when I am in a seller's market rather than a buyer's market.

We can afford to be opportunistic for several reasons. First, we have a huge core of deposits flowing through on a daily basis to fund the bank. Second, we issue in size when the demand is there. Third, we actively manage our positions in the derivatives market, which is much more liquid than the market for new issues. If the characteristics of what investors want don't happen to match what Wells Fargo needs, we still take advantage of market demand and do the issue, but then swap it through the derivatives market. For example, if investors are interested in ten-year fixed rate Wells Fargo subordinated notes and we don't want to be locked into ten-year fixed rate debt, we'll issue the debt anyway—that's where we're getting the economic advantage—but then we'll swap the ten-year debt back to a shorter maturity. That enables us to separate the liquidity decision from the currency and interest rate risk management decisions, while taking advantage of those sweet spots where demand for our paper is strongest.

As a bank and financial services holding company, Wells Fargo faced a number of funding constraints. The company and its subsidiary banks were subject to regulation by a number of agencies including the Federal Reserve Board, the Office of the Controller of the Currency and the Federal Deposit Insurance Corporation (FDIC). The agencies imposed quantitative measures—minimum ratios of capital to risk-weighted assets—to ensure capital adequacy. (See Exhibit 6 for leverage ratios for Wells Fargo and its banking subsidiaries.) Atkins commented, "All banks have their own target capital ratios, guided by the regulatory agencies. There are minimum regulatory capital requirements, but like most banks, we want to be well capitalized, with capital ratios well above the minimums."

Wells Fargo also faced constraints with regard to the transfer of funds between the bank and the parent company. Atkins explained:

In most companies, funds can flow back and forth between subsidiaries. With banks and bank holding companies, they can't. The Fed's source-of-strength doctrine places limits on the amount of money subsidiary banks can send upstream to their holding companies. Bank holding companies are required to act as a source of financial and managerial strength to their subsidiary banks, and FDIC insured deposits cannot fund holding company assets. As a result,

³ Wells Fargo & Company Annual Report 2002, p.53.

the process of managing liquidity at the holding company level becomes really, really important. Capital ratios are assessed on a consolidated basis, but liquidity needs to be managed both on a consolidated basis and specifically in the holding company.

Finally, Wells Fargo needed to take rating agency concerns into account in managing its capital. The rating agencies frowned upon parent companies issuing debt and then advancing it to their operating entities in the form of equity.

Atkins elaborated on the kinds of securities Wells Fargo was interested in issuing:

With regard to maturity, we look at the whole asset/liability structure of the company's balance sheet. We're not a big issuer of commercial paper. Liquidity is so important in the holding company that we don't want to be in the position of having to roll over overnight and three-month commercial paper. It is actually no more expensive for us to issue two- or three-year debt and swap it back to three-month interest rate maturity. We are able to get the liquidity without incurring any additional costs because of our financial strength. In turn, it is our long-standing financial strength that has enabled us to become one of the highest rated banks in the country.

Wells Fargo issued a variety of debt securities, ranging from two- to three-year senior notes to 10- to 12-year senior or subordinated debt. The company's finance team considered virtually any type of instrument depending upon market supply and demand trends, with the knowledge that the instrument could be swapped, if needed. Atkins noted, "With regard to interest rate risk, we are relatively neutral. Typically, we really don't want to be taking a view on interest rates."

The Market for Convertible Securities

Historically, convertible securities had been issued by firms with less than investment-grade credit. Scott Greenberg, executive director at Morgan Stanley, elaborated:

In the past, the typical convertible issuer was a non-investment grade technology or telecom company who wasn't a traditional straight debt issuer. The issuer generally chose convertibles for one of three reasons. One possibility was that the firm wanted to issue equity, but didn't have a registration statement available, and could take advantage of a convertible exemption under Rule 144A.⁴ A second possibility was that the firm thought that the conversion option was likely to be exercised, making convertibles cheaper than equity. A third possibility was that the firm thought that the convertible would not be exercised, making convertibles cheaper than debt.

Investment grade companies usually found cheaper funds by taking bank loans or issuing corporate bonds. However, in 2002, the market for convertible securities began to change. The Nasdaq crash of 2000 had created financial pressure for traditional convertible bond issuers. At the same time, investors in convertible securities—hedge funds specializing in convertible arbitrage⁵, long-only convertible funds, and some equity income funds—grew dramatically. By 2002, convertible arbitrage funds, then the chief buyers of convertible securities, were the fastest growing segment of

⁴ The Securities and Exchange Commission (SEC) adopted Rule 144A to improve the liquidity and efficiency of the private placements market. The rule allows qualified institutional buyers to trade certain restricted securities among themselves. Such restricted securities were exempt from the registration requirements of the Securities Act of 1933.

⁵ A convertible arbitrage fund typically bought convertibles, hedging their long positions with short positions in the issuers' common stock.

the hedge fund industry, with about \$50 billion of net investments.⁶ (See **Exhibit 7** for returns on convertible arbitrage.)

As a result of the decline in technology and telecom stocks, convertible bond investors found themselves heavily weighted in non-investment grade securities. Eager to diversify, interest in investment grade convertibles grew. New product structures—from zero coupon convertibles to mandatory convertibles—provided a spectrum of convertible instruments that began to attract a variety of issuers.

The U.S. convertible market grew from \$161 billion in 1998 to \$235 billion in 2002, with a peak of \$252 billion in 2001.⁷ Demand for convertible issues was strong, stock price volatility was high, and the bond market was thriving. By 2003, a wide variety of companies—growth firms, members of the S&P 500, and companies undergoing restructuring—had convertibles outstanding. In early 2003, a new category of “hyper” or high premium convertible debt emerged where the conversion price was significantly greater than that of the market price of the underlying stock. Several companies, including Affiliated Managers and Mandalay Resort Group launched high premium convertible debt issues during the first quarter of 2003. (See **Exhibit 8** for selected deal terms.)

Structuring the Convertible Bonds

Atkins explained the background behind the idea for Wells Fargo to issue a convertible security:

Within the last four or five months, a number of investment banks approached us, pitching convertible debt. Each of the banks presented a slightly different form for the proposed transaction. I was intrigued and took some time to understand the quirky tax and accounting issues associated with convertibles. As the dealers called me to tell me investors were screaming for the deal, I did something I’m told is very unusual. I got three of the firms—Merrill Lynch, Morgan Stanley, and Goldman Sachs—in a room at the same time. I said, “Guess what. The three of you are sitting in this room with me and my people and we’re not leaving until we come up with the terms that would make the most sense for Wells Fargo.” After their jaws dropped, everyone became aligned and focused on creating the best deal for Wells Fargo. It took all afternoon and well into the evening, but we came up with a structure that we could all agree on.

As a result of the meeting, Atkins was considering issuing \$3 billion of 30-year floating rate convertible debt. Interest would be paid at an annual rate of LIBOR minus 25 basis points. Concerned that the probability of conversion be kept low, Atkins sought to structure the security with a very high conversion premium. The securities would become convertible into Wells Fargo common stock only if the stock price exceeded \$120 before May of 2008.⁸ To allow for such a high premium, the bankers opted for a “convertible plus warrants” structure. Once convertible, the bonds could be exchanged for 10 shares of Wells Fargo common stock, plus an additional number of shares that varied with the stock price. At the end of five years, if the stock price thresholds were not met, the debt would no longer be convertible. But, instead of giving investors the ability to put the bonds back

⁶ Andrew Barry, “HD Perfect Storm: Bond Market Maelstrom Could Swamp Wall Street,” *Barron’s*, August 4, 2003, p. 17.

⁷ Anand S. Iyer, Morgan Stanley Convertible Team, “Convertible Securities Presentation: Introduction to the Convertible Market,” p.4 as accessed at www.convertbond.com on July 5, 2005.

⁸ The conversion price on the bonds was \$100 and the trigger price for conversion was \$120. The higher threshold made these “contingent convertible” bonds.

to the company, the security would be remarketed and the coupon reset each year. In that way, the final maturity of the bonds would be thirty years later, in 2033. (See **Exhibit 9** for more detail on the terms of the proposed transaction.)

Tax Treatment

The IRS issued “contingent interest” regulations in 1996. Normally, companies would simply deduct the coupon payments on convertible bonds for tax purposes. But, provided the security had economically important contingency features, companies could take deductions at their long-term straight debt rate, even if the coupon they were paying was lower. In some cases, taxes could be deferred on the savings until the security matured. In Wells Fargo’s case, the proposed convertible would be treated as a contingent payment debt instrument, and investors would recognize taxable income in excess of the cash interest they received while the issue was still outstanding.

As of April 2003, three-month LIBOR was 1.3% and Wells Fargo management believed the company could raise long term, fixed rate debt at 5.8%. (The yield curve was steep at the time. See **Exhibit 10**.)

Accounting Treatment

Atkins was also concerned about the accounting treatment of the convertible bonds. As always, he wanted to ensure that the potential issue conformed with generally accepted accounting principals (GAAP). At the same time, he wanted to minimize the possibility of having the convertible bonds influence the share count, at least until the instrument was actually converted. Under GAAP, the issue would not change the fully diluted shares outstanding for Wells Fargo until the stock exceeded the trigger price of \$120. However, there was always some risk that the Financial Accounting Standards Board (FASB) or SEC could argue, after the security was issued, that the bonds should count toward diluted shares outstanding. Atkins commented, “We wanted to act very conservatively and, at the same time, reduce the potential for dilution risk. We proposed that if our stock price went up and investors wanted to convert, we could deliver cash instead of stock.” Similarly, if Wells Fargo stock increased beyond \$120 per share, and the underlying convertible shares became worth \$1,200, the company could reflect \$200 of dilution, rather than \$1,200.

Pricing

In contemplating the security, Atkins needed to balance what he thought of as a “tradeoff between theoretical dilution and interest expense.” The interest savings was easy to compute. Wells Fargo would normally pay LIBOR plus 20 basis points on vanilla, floating rate debt. The cost was harder to compute. The convertible carried the risk that the company’s stock price would increase from where it was currently trading—closing at roughly \$47.45 a share on April 25—to \$120 a share by 2008. (Trading in Wells Fargo options suggested this was an unlikely event. See **Exhibit 11** for options market data.⁹) Atkins noted:

While there was a risk that we could get very significantly diluted, we realized that if our stock price went from 50 bucks a share to 120 bucks a share within five years, people would be very happy about the appreciation in the stock. We realized we were probably prepared to

⁹ Measured with monthly returns, Wells Fargo’s volatility was around 30% over the previous five years and around 17% over the previous year. Also lowering the potential for stock price appreciation, Wells Fargo paid a dividend of \$0.30 per quarter.

risk dilution because the scenario in which the dilution would occur would be a scenario where a lot of people would be sitting on a very valuable stock.

Execution

Given the unique structure of the proposed convertible, Atkins and his investment banking team expected it would take a few weeks to draft the legal documents. Should they go ahead, the group planned to do the transaction as an “overnight deal.” When Atkins felt the market conditions were right, he would initiate execution by contacting the bankers at the end of the business day. At that point, the final terms would be set, and the investment bankers would assume the risk of placing the securities. The bankers would send a preliminary prospectus in a broadcast email to their network of institutional investors. Early the following morning, the bankers would have a conference call to explain the terms and answer questions, and before the markets opened, the deal would be priced.

Most convertible debt issues were in the \$100 million to \$500 million range. (See **Exhibit 12** for the rankings of convertible bond underwriters.) At \$3 billion, the investment bankers knew the Wells Fargo bonds might be difficult to place. Nonetheless, they recognized the significance of the deal. Greenberg noted, “We’ve done a lot of big deals, but this would be one of the most important ones we’ve ever done. In our business, if someone like Wells Fargo picks you to underwrite a deal, it’s a big feather in your cap. With the convertible security we are proposing, the technical innovations alone would make this transaction noteworthy.”

Decision

As Atkins headed home for the evening, he wrestled with his options. The proposed convertible could provide the company with a low cost source of funds, but there were risks. Atkins elaborated further on his concerns: “Theoretically, I could create the same risk/reward characteristics as the convertible by issuing plain vanilla debt and selling an option on our stock. When I thought about it that way, it didn’t really make me feel wonderful about doing the deal and I started asking myself, ‘Where’s the beef on this thing?’”

At the same time, Atkins was confident that his strategy to require the investment banking firms to work together had created an ideal structure for the potential convertible issue.

Exhibit 1 Management Biographies for Kovacevich and Atkins**Richard M. Kovacevich—Chairman and CEO**

Kovacevich joined Wells Fargo as president and CEO in November 1998, after the Wells Fargo-Norwest merger and was named chairman in April 2001. Kovacevich was named CEO of Norwest Corporation in 1993 and chairman in 1995, after serving as president and COO since 1989. He joined Norwest in March 1986, as vice chairman, COO, and head of the banking group. Prior to joining Norwest, he was group executive and member of the policy committee at Citicorp and a division manager at General Mills. Kovacevich served as a board member for numerous corporations—Cargill, Inc., Cisco Systems, Inc. and Target Corporation—and nonprofit and regulatory organizations, including the Federal Reserve's Federal Advisory Council, the California Business Roundtable, the San Francisco Symphony, and the San Francisco Museum of Modern Art. He graduated from Stanford University where he earned his MBA, and his bachelor's and master's degrees in industrial engineering.

Howard Atkins—Executive Vice President and Chief Financial Officer

Atkins was responsible for Wells Fargo's financial management functions, including controllers, financial reporting, tax management, asset-liability management, treasury, investor relations, and corporate properties. Before joining Wells Fargo in 2001, he was executive vice president and chief financial officer of New York Life Insurance Company, responsible for financial management and information technology. Prior to joining New York Life in 1996, Atkins was CFO at Midlantic Corporation, where he helped design and oversee Midlantic's financial restructuring. He also spent 17 years at Chase Manhattan Bank, where he rose to corporate treasurer. During his tenure at Chase, Atkins was responsible for asset liability management, capital planning, funding and investments, and interest rate insurance products. Atkins was a member of the American Banker CFO Advisory Board, the Financial Executives Institute, and the conference Board. He was a director of Ingram Micro and the Asian Art Museum in San Francisco. Atkins received a bachelor of science degree in mathematics from City College, New York, and a master's degree in economics from Ohio State University.

Exhibit 2 Wells Fargo & Company—Consolidated Statement of Income

(in millions, except per share amounts)	Year Ended December 31,		
	2002	2001	2000
INTEREST INCOME			
Securities available for sale	\$ 2,424	\$ 2,544	\$ 2,671
Mortgages held for sale	2,450	1,595	849
Loans held for sale	252	317	418
Loans	13,418	14,461	14,446
Other interest income	288	284	341
Total interest income	18,832	19,201	18,725
INTEREST EXPENSE			
Deposits	1,919	3,553	4,089
Short-term borrowings	536	1,273	1,758
Long-term debt	1,404	1,826	1,939
Guaranteed preferred beneficial interests in Company's subordinated debentures	118	89	74
Total interest expense	3,977	6,741	7,860
NET INTEREST INCOME	14,855	12,460	10,865
Provision for loan losses	1,733	1,780	1,329
Net interest income after provision for loan losses	13,122	10,680	9,536
NONINTEREST INCOME			
Service charges on deposit accounts	2,179	1,876	1,704
Trust and investment fees	1,781	1,710	1,624
Credit card fees	920	796	721
Other fees	1,384	1,244	1,113
Mortgage banking	1,713	1,671	1,444
Insurance	997	745	411
Net gains (losses) on debt securities available for sale	293	316	(739)
Net (losses) gains from equity investments	(327)	(1,538)	2,130
Other	701	870	435
Total noninterest income	9,641	7,690	8,843
NONINTEREST EXPENSE			
Salaries	4,383	4,027	3,652
Incentive compensation	1,706	1,195	846
Employee benefits	1,283	960	989
Equipment	1,014	909	948
Net occupancy	1,102	975	953
Goodwill	--	610	530
Core deposit intangibles	155	165	186
Net losses (gains) on dispositions of premises and equipment	52	(21)	(58)
Other	4,214	4,071	3,784
Total noninterest expense	13,909	12,891	11,830
INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	8,854	5,479	6,549
Income tax expense	3,144	2,056	2,523
NET INCOME BEFORE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	5,710	3,423	4,026
Cumulative effect of change in accounting principle	(276)	--	--
NET INCOME	\$5,434	\$3,423	\$4,026
NET INCOME APPLICABLE TO COMMON STOCK	\$5,430	\$3,409	\$4,009
EARNINGS PER COMMON SHARE			
Earnings per common share	\$ 3.19	\$ 1.99	\$ 2.36
Diluted earnings per common share	\$ 3.16	\$ 1.97	\$ 2.33
DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.10	\$ 1.00	\$.90
Average common shares outstanding	1,701.1	1,709.5	1,699.5
Diluted average common shares outstanding	1,718.0	1,726.9	1,718.4

Source: Wells Fargo & Company Annual Report, 2002, p. 60.

Exhibit 3 Wells Fargo & Company—Consolidated Balance Sheet

(in millions, except shares)	December 31,	
	2002	2001
ASSETS		
Cash and due from banks	\$ 17,820	\$ 16,968
Federal funds sold and securities purchased under resale agreements	3,174	2,530
Securities available for sale	27,947	40,308
Mortgages held for sale	51,154	30,405
Loans held for sale	6,665	4,745
Loans	196,634	172,499
Allowance for loan losses	3,862	3,761
Net loans	192,772	168,738
Mortgage servicing rights	4,489	6,241
Premises and equipment, net	3,688	3,549
Core deposit intangibles	868	1,013
Goodwill	9,753	9,527
Other assets	30,929	23,545
Total assets	<u>\$349,259</u>	<u>\$307,569</u>
LIABILITIES		
Noninterest-bearing deposits	\$ 74,094	\$ 65,362
Interest-bearing deposits	142,822	121,904
Total deposits	216,916	187,266
Short-term borrowings	33,446	37,782
Accrued expenses and other liabilities	18,334	16,777
Long-term debt	47,320	36,095
Guaranteed preferred beneficial interests in Company's subordinated debentures	2,885	2,435
STOCKHOLDERS' EQUITY		
Preferred stock	251	218
Unearned ESOP shares	(190)	(154)
Total preferred stock	61	64
Common stock- \$1 ² / ₃ par value, authorized 6,000,000,000 shares; issued 1,736,381,025 shares	2,894	2,894
Additional paid-in capital	9,498	9,436
Retained earnings	19,394	16,005
Cumulative other comprehensive income	976	752
Treasury stock—50,474,518 shares and 40,886,028 shares	(2,465)	(1,937)
Total stockholders' equity	30,358	27,214
Total liabilities and stockholders' equity	<u>\$349,259</u>	<u>\$307,569</u>

Source: Wells Fargo & Company Annual Report 2002, p. 61.

Exhibit 4 Wells Fargo & Company—Consolidated Statement of Cash Flows

(in millions)	Year Ended December 31,		
	2002	2001	2000
Cash flows from operating activities:			
Net income	\$ 5,434	\$ 3,423	\$ 4,026
Adjustments to reconcile net income to net cash (used) provided by operating activities:			
Provision for loan losses	1,733	1,780	1,329
Depreciation and amortization	3,495	2,961	1,790
Net (gains) losses on securities available for sale	(198)	726	(1,133)
Net gains on mortgage loan origination/sales activities	(1,038)	(705)	(38)
Net (gains) losses on sales of loans	(19)	(35)	134
Net losses (gains) on dispositions of premises and equipment	52	(21)	(58)
Net gains on dispositions of operations	(10)	(122)	(23)
Release of preferred shares to ESOP	206	159	128
Net increase in trading assets	(3,859)	(1,219)	(1,087)
Net increase (decrease) in deferred income taxes	305	(589)	873
Net decrease (increase) in accrued interest receivable	145	232	(230)
Net (decrease) increase in accrued interest payable	(53)	(269)	290
Originations of mortgages held for sale	(286,100)	(179,475)	(62,095)
Proceeds from sales of mortgages held for sale	265,028	157,884	62,873
Principal collected on mortgages held for sale	2,063	1,731	1,731
Net increase in loans held for sale	(1,091)	(206)	(1,498)
Other assets, net	(2,000)	(956)	(3,791)
Other accrued expenses and liabilities, net	1,929	5,082	4,149
Net cash (used) provided by operating activities	(13,978)	(9,619)	7,370
Cash flows from investing activities:			
Securities available for sale:			
Proceeds from sales	11,863	19,586	23,624
Proceeds from prepayments and maturities	9,684	6,730	6,247
Purchases	(7,261)	(29,053)	(19,770)
Net cash (paid for) acquired from acquisitions	(588)	(459)	469
Net increase in banking subsidiaries' loans resulting from originations and collections	(17,745)	(11,596)	(36,076)
Proceeds from sales (including participations) of banking subsidiaries' loans	948	2,305	11,898
Purchases (including participations) of loans by banking subsidiaries	(2,818)	(1,104)	(409)
Principal collected on nonblank subsidiaries' loans	11,396	9,964	8,305
Nonbank subsidiaries' loans originated	(14,621)	(11,651)	(9,300)
Proceeds from dispositions of operations	94	1,191	13
Proceeds from sales of foreclosed assets	473	279	255
Net (increase) decrease in federal funds sold and securities purchased under resale agreements	(475)	(932)	124
Net increase in mortgage servicing rights	(1,259)	(3,405)	(1,460)
Other, net	(2,646)	(1,095)	6,489
Net cash used by investing activities	(12,955)	(19,240)	22,569

(in millions)	Year Ended December 31,		
	2002	2001	2000
Cash flows from financing activities:			
Net increase in deposits	25,050	17,707	20,745
Net (decrease) increase in short-term borrowings	(5,224)	8,793	(3,511)
Proceeds from issuance of long-term debt	21,711	14,658	15,544
Repayment of long-term debt	(10,902)	(10,625)	(9,849)
Proceeds from issuance of guaranteed preferred beneficial interests in Company's subordinated debentures	450	1,500	--
Proceeds from issuance of common stock	578	484	422
Redemption of preferred stock	--	(200)	--
Repurchase of common stock	(2,033)	(1,760)	(3,238)
Payment of cash dividends on preferred and common stock	(1,877)	(1,724)	(1,586)
Other, net	32	16	(468)
Net cash provided by financing activities	27,785	28,849	18,059
Net change in cash and due from banks	852	(10)	2,860
Cash and due from banks at beginning of year	16,968	16,978	14,118
Cash and due from banks at end of year	\$17,820	\$16,968	\$16,978
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 3,924	\$ 6,472	\$ 8,150
Income taxes	\$ 2,789	\$ 2,552	\$ 817
Noncash investing and financing activities:			
Net transfers between mortgages held for sale and loans	\$ 439	\$ 1,230	\$ 129
Net transfers between loans held for sale and loans	\$ 829	\$ --	\$ 1,388
Transfers from loans to foreclosed assets	\$ 491	\$ 325	\$ 189

Source: Wells Fargo & Company Annual Report 2002, p. 63.

Exhibit 5 Wells Fargo Long-Term Debt Schedule

The following is a summary of long-term debt (reflecting unamortized debt discounts and premiums, where applicable) owed by the Parent and its subsidiaries:

(in millions)	Maturity Date(s)	Interest Rate(s)	2002	2001
Wells Fargo & Company (Parent only)				
Senior				
Global Notes ^a	2003–2007	3.75–7.25%	\$ 6,545	\$ 4,996
Global Notes	2004	Various	2,000	1,250
Medium-Term Notes ^a	2003–2006	4.80–6.875%	1,847	1,596
Medium-Term Notes	2003–2027	3.375–7.65%	1,546	1,670
Floating-Rate Medium-Term Notes	2003–2005	Various	2,150	2,300
Extendable Notes ^b	2004	Various	2,998	1,497
Equity Linked Notes ^{a,c}	2008	2.778–2.836%	79	--
Notes	2004	6.00%	1	1
Total senior debt			17,166	13,310
Subordinated				
Global Notes ^a	2011–2014	5.00–6.375%	1,588	748
Global Notes	2012	4.00–5.125%	795	--
Notes ^a	2003	6.625%	200	200
Debentures	2023	6.65%	198	198
Total subordinated debt			2,781	1,146
Total long-term debt—Parent			19,947	14,456
WFC Holdings Corporation				
Senior				
Medium-Term Notes ^a	2002	10.00%	--	2
Medium-Term Notes	2002	9.04–10.00%	--	2
Total senior debt			--	4
Subordinated				
Medium-Term Notes ^{a,d}	2013	6.50%	25	50
Medium-Term Notes	2002	9.375%	--	30
Notes	2003	6.125–6.875%	399	732
Notes ^a	2004–2006	6.875–9.125%	933	933
Notes ^{a,d}	2008	6.25%	199	199
Total subordinated debt			1,556	1,944
Total long-term debt -WFC Holdings			1,556	1,948
Wells Fargo Financial, Inc. and its subsidiaries (WFFI)^e				
Senior				
Medium-Term Notes	2003–2012	5.10–7.47%	956	801
Floating-Rate Notes	2003–2005	Various	1,100	950
Notes	2003–2015	4.875–8.56%	6,678	6,395
Total long-term debt –WFFI			8,734	8,146
First Security Corporation and its subsidiaries (FSCO)				
Senior				
Medium-Term Notes	2003	6.40%	15	15
Floating-Rate Euro Medium-Term Notes ^f	2002	Various	--	300
Floating-Rate Euro Medium-Term Notes	2003	Various	285	285
Federal Home Loan Bank (FHLB) Notes and Advances ^g	2003–2010	3.00–6.47%	151	351
Floating-Rate FHLB Advances ^g	2003	Various	100	--
Notes	2003–2006	5.875–6.875%	474	473
Other notes ^h	2002–2007		--	3
Total senior debt			1,025	1,427
Subordinated				
Notes ^a	2005–2006	7.00–7.31 %	159	234

(in millions)	Maturity Date(s)	Interest Rate(s)	2002	2001
Total subordinated debt			159	234
Total long-term debt—FSCO			1,184	1,661
Wells Fargo Bank, N.A. (WFB, N.A.)				
Senior				
Floating-Rate Bank Notes	2003	Various	\$ 4,005	\$ 1,525
Floating-Rate Notes ⁱ	2007	Various	1,250	--
Notes payable by subsidiaries	2003–2009	8.25–17.87%	49	52
Other notes	2002–2007		--	3
Obligations of subsidiaries under capital leases			7	8
Total senior debt			5,311	1,588
Subordinated				
FixFloat Notes (callable 6/15/2005) ^a	2010	7.8% through 2005, various	997	997
Notes ^a	2010–2011	6.45–7.55%	2,497	2,496
Total subordinated debt			3,494	3,493
Total long-term debt –WFB,N.A.			8,805	5,081
Other consolidated subsidiaries				
Senior				
FHLB Notes and Advances ^g	2003–2027	3.15–8.38%	2,780	2,211
Floating-Rate FHLB Advances ^g	2003–2011	Various	4,065	2,334
Other notes and debentures	2003–2015	3.00–12.00%	150	239
Capital lease obligations			14	19
Total senior debt			7,009	4,803
Subordinated				
Other notes and debentures ^j	2005	7.55%	85	--
Total subordinated debt			85	--
Total long-term debt- other consolidated subsidiaries			7,094	4,803
Total consolidated long-term debt			\$47,320	\$36,095

Source: Wells Fargo & Company Annual Report 2002, p. 80.

^aThe company entered into interest rate swap agreements for substantially all of these notes, whereby the company receives fixed-rate interest payments approximately equal to interest on the notes and makes interest payments based on an average three-month or six-month LIBOR rate.

^bThe extendable notes are a floating rate security with an initial maturity of 13 months, which can be extended on a rolling basis, at the investor's option to a final maturity of five years.

^cZero coupon notes linked to the S&P 500 and Nasdaq-100 indices.

^dThe interest rate swap agreement for these notes is callable by the counterparty prior to the maturity of the notes.

^eOn October 22, 2002, WFFI announced that it will no longer issue term debt securities and the Parent issued a full and unconditional guarantee of all outstanding debt of WFFI.

^fThe company entered into an interest rate swap agreement for these notes, whereby the company receives interest payments based on an average three-month LIBOR rate and makes fixed-rate interest payments ranging from 5.625% to 5.65%.

^gThe maturities of the FHLB advances are determined quarterly, based on the outstanding balance, the then current LIBOR rate, and the maximum life of the advance. Advances maturing within the next year are expected to be refinanced, extending the maturity of such borrowings beyond one year.

^hThe notes are tied to low-income housing funding.

ⁱCallable by either the company or the investor upon 30 days notice.

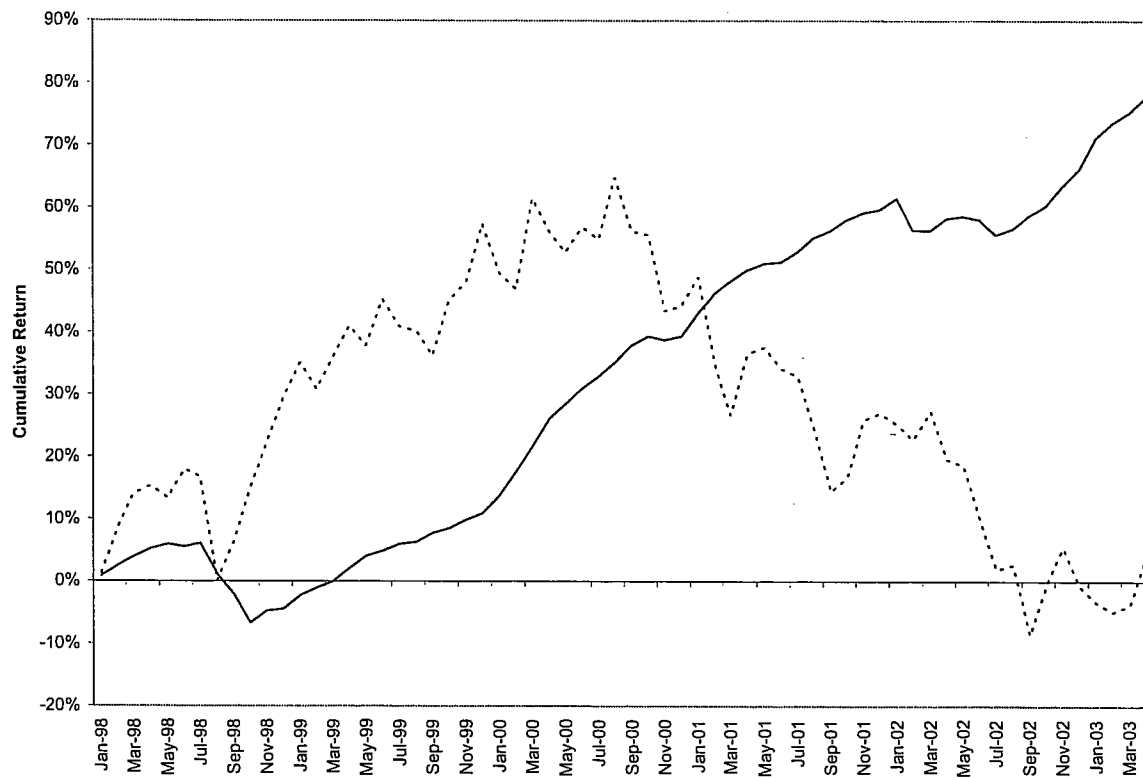
^jCallable by the company upon 30 days notice.

Exhibit 6 Wells Fargo Leverage Ratios Relative to Regulatory Requirements (in billions)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the FDICIA Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2002:						
Total capital (to risk-weighted assets)						
Wells Fargo & Company	\$32.0	11.31%	≥\$22.6	≥8.00%		
Wells Fargo Bank, N.A.	17.9	11.42	≥ 12.5	≥8.00	≥\$15.7	≥10.00%
Wells Fargo Bank Minnesota, N.A.	4.0	13.50	≥ 2.3	≥8.00	≥ 2.9	≥10.00
Tier 1 capital (to risk-weighted assets)						
Wells Fargo & Company	\$21.5	7.60%	≥\$11.3	≥4.00%		
Wells Fargo Bank, N.A.	11.4	7.29	≥ 6.3	≥4.00	≥ \$9.4	≥ 6.00%
Wells Fargo Bank Minnesota, N.A.	3.7	12.53	≥ 1.2	≥4.00	≥ 1.8	≥ 6.00
Tier 1 capital (to average assets) (Leverage ratio)						
Wells Fargo & Company	\$21.5	6.58%	≥\$13.1	≥4.00% ^a		
Wells Fargo Bank, N.A.	11.4	6.84	≥ 6.7	≥4.00 ^a	≥ \$8.4	≥ 5.00%
Wells Fargo Bank Minnesota, N.A.	3.7	6.66	≥ 2.2	≥4.00 ^a	≥ 2.8	≥ 5.00

^aThe leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items. The minimum leverage ratio guideline is 3% for banking organizations that do not anticipate significant growth and that have well-diversified risk, excellent asset quality, high liquidity, good earnings, effective management and monitoring of market risk and, in general, are considered top-rated, strong banking organizations.

Source: Wells Fargo Annual Report, 2002, p. 104.

Exhibit 7 Convertible arbitrage (solid) versus US equities (dashed) returns, 1998-April 2003

Source: Adapted from CSFB Tremont Convertible Arbitrage Index returns and the Center for Research on Security Prices.

Exhibit 8 Selected Convertible Securities

Issue Date	Issuer	Proceeds Amount in this Market (\$ mil)	Type of Security	Description	Coupon (%)	Standard & Poor's Rating	Conversion Price	Conversion Shares per Bond	Share Price
01/16/2002	Continental Airlines	175	Cvt Senior Debts	4.500% Cvt Senior Debts due '07	4.5	NR	40.00	25.00	31.10
02/28/2002	General Motors	2,300	Convertible Dbs	5.250% Convertible Dbs due '32	5.25	BBB+	64.90	15.41	52.98
02/28/2002	General Motors	1,000	Convertible Dbs	4.500% Convertible Dbs due '32	4.5	BBB+	70.20	14.25	52.98
03/7/2002	Merrill Lynch	2,000	Sr COCO LYONS	Sr COCO LYONS due '32	Floats	AA-	72.35	13.82	52.79
03/21/2002	Travelers Property	850	Cvt Jr Sub Nts	4.500% Cvt Jr Sub Nts due '32	4.5	BBB	23.13	43.23	18.50
05/01/2002	Sonic Automotive	130	Cvt Subord Nts	5.250% Cvt Subord Nts due '09	5.25	B+	46.87	21.34	38.00
06/13/2002	Agere Systems	410	Cvt Subord Nts	6.500% Cvt Subord Nts due '09	6.5	B	3.31	302.34	2.45
07/01/2002	Mirant	370	Cvt Senior Nts	5.750% Cvt Senior Nts due '07	5.75	BBB-	7.58	131.93	7.30
10/16/2002	PMA Capital	75	Cvt Senior Debts	Cvt Senior Debts due '22	Floats	BBB-	16.37	61.09	12.40
11/19/2002	AMD	350	Cvt Senior Nts	4.500% Cvt Senior Nts due '07	4.5	CCC	7.37	135.69	5.58
12/23/2002	Interpool	31.1	CvtExchRdSubDeb	9.250% Perpetual CvtExchRdSubDeb	9.25	NR	25.00	40.00	17.32
01/07/2003	Tyco International	2,500	Convertible Dbs	2.750% Convertible Dbs due '18	2.75	BBB-	22.00	45.45	17.26
01/07/2003	Tyco International	1,250	Convertible Dbs	3.125% Convertible Dbs due '23	3.125	BBB-	21.00	47.62	17.26
02/19/2003	Affiliated Managers Group	250	Convertible Bds	Zero Con Convertible Bds due '33	Zero	BBB-	81.00	12.35	44.09
03/17/2003	Mandalay Resort Group	350	Convertible Bds	Convertible Bds due '33	Floats	BB+	57.00	17.54	28.50
3/25/2003	HCC Insurance Holdings	125	Cvt Senior Nts	1.300% Cvt Senior Nts due '23	1.3	A	33.97	29.44	25.31
04/08/2003	Walt Disney	1,150	Cvt Senior Nts	2.125% Cvt Senior Nts due '23	2.125	BBB+	29.46	33.94	17.13

Source: Adapted from SDC Platinum, a Thomson Financial product, accessed August 2005.

Exhibit 9 Selected Terms

Debentures Offered	\$3,000,000,000 principal amount of floating rate convertible senior debentures due 2033. The principal amount of each debenture is \$1,000.
Maturity	30 years (May 1, 2033)
Coupon	Interest paid at an annual rate equal to 3-month LIBOR minus 0.25%. Regular interest will be paid quarterly on February 1, May 1, August 1, and November 1 of each year until 2008.
Conversion Rights	Investors have the right to convert their debentures if the closing sale price of Wells Fargo common stock for at least 20 trading days in the last 30 consecutive trading days of any calendar quarter is more than 120% of the base conversion price (120% of \$100.00, or \$120.00).
Conversion Rate	<p>Before May 1, 2008, the "conversion rate" is: If the stock price is less than or equal to the base conversion price (\$100.00), the base conversion rate (10); or if the stock price is greater than the base conversion price, determined according to the following formula, not to exceed 21.0748:</p> $10 + [(Stock\ Price - 100) / Stock\ Price] \times 33.5$ <p>On May 1, 2008, the conversion rate will be fixed at the conversion rate determined as set forth above, assuming a conversion date that is eight trading days before May 1, 2008.</p>
Remarketing Reset Event	<p>A "remarketing reset event" occurs if the average of the closing prices of Wells Fargo common stock on the five trading days prior to May 1 of 2008, 2013, 2018, 2023, or 2028 is less than the base conversion price (\$100.00).</p> <p>If a remarketing reset event occurred: The debentures will no longer be convertible into common stock; Wells Fargo will no longer pay regular cash interest or contingent interest; The yield at which the principal amount of the debentures would accrete will be reset on such date and each May 1st thereafter until maturity to the reset yield determined on each on those dates, the "remarketing reset dates."</p>
Contingent Interest	Commencing with the interest period beginning May 1, 2008, Wells Fargo will pay "contingent interest" equal to a "payment factor" times the conversion rate, if a remarketing reset event has not occurred. The payment factor starts at \$0.44 on May 1, 2008 and rises \$0.02 every three quarters thereafter.
Redemption	Beginning on May 5, 2008, Wells Fargo may redeem the debentures for cash at any time, if a remarketing reset event has not occurred.
Reset Yield	The "reset yield" equals the yield necessary to enable the remarketing of the debentures at a price sufficient to provide net proceeds equal to the accreted principal amount.
Redemption of Debentures at Our Option	Before May 5, 2008, we may not redeem the debentures. Beginning on May 5, 2008, we may redeem the debentures for cash at any time as a whole, or from time to time in part. If a remarketing reset event occurs, we may no longer redeem the debentures. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date, plus any accrued and unpaid interest, including contingent interest, to but excluding such date.

Source: Adapted from Wells Fargo & Company prospectus.

Exhibit 10 Interest rates in percentage points, April 25, 2003.

Maturity	Treasury Securities	Eurodollar Deposits	Interest Rate Swaps
1-month	1.13	1.25	
3-month	1.14	1.25	
6-month	1.17	1.23	
1-year	1.26		1.32
2-year	1.57		1.79
3-year	2.00		2.35
5-year	2.88		3.20
7-year	3.42		3.74
10-year	3.91		4.25
20-year	4.83		
30-year			5.07

Source: Federal Reserve Statistical Release, April 28, 2003.

Exhibit 11 Option prices on Wells Fargo stock, April 25, 2003.

Type	Exercise Date	Exercise Price	Best Bid	Best Offer	Open Interest	Volume
Put	17-May-03	47.5	1.05	1.2	920	130
Call	17-May-03	47.5	0.7	0.85	3301	61
Put	17-May-03	42.5	0.1	0.2	1199	50
Put	17-May-03	50	2.95	3.1	105	10
Call	17-May-03	50	0.05	0.15	3517	1
Put	21-Jun-03	45	0.75	0.85	672	150
Call	21-Jun-03	50	0.35	0.4	4398	63
Put	21-Jun-03	42.5	0.3	0.45	189	10
Call	21-Jun-03	47.5	1.3	1.4	1185	5
Put	19-Jul-03	45	1.15	1.25	4823	2010
Call	19-Jul-03	45	3.3	3.5	2795	102
Call	19-Jul-03	50	0.7	0.75	11584	38
Put	19-Jul-03	40	0.3	0.4	1441	10
Put	19-Jul-03	47.5	2.05	2.1	2711	6
Call	19-Jul-03	47.5	1.75	1.8	6363	5
Call	19-Jul-03	42.5	5.3	5.4	299	2
Call	18-Oct-03	50	1.5	1.65	5708	61
Call	18-Oct-03	55	0.4	0.45	8703	30
Put	18-Oct-03	47.5	3.1	3.2	851	15
Put	18-Oct-03	55	8.3	8.5	20	10
Call	18-Oct-03	45	4.1	4.3	1313	2
Put	17-Jan-04	40	1.4	1.5	23783	1020
Call	17-Jan-04	50	2.15	2.25	20744	704
Call	17-Jan-04	45	4.6	4.8	2763	226
Put	17-Jan-04	45	2.85	2.9	4562	226
Put	17-Jan-04	35	0.65	0.8	10776	150
Call	17-Jan-04	55	0.75	0.9	8085	38
Call	17-Jan-04	40	8.3	8.5	3351	4
Put	17-Jan-04	20	0	0.1	2828	1
Call	22-Jan-05	50	4.1	4.2	7444	20
Put	22-Jan-05	30	1	1.25	647	1

Source: Adapted from Option Metrics.

Exhibit 12 Convertible Bonds, League Table Rankings, January through April 2003

Underwriter	Number of Issues	Dollar Value (\$M)	Market Share (%)
Citigroup	57	17,219.6	18.6
Merrill Lynch & Co. Inc.	38	16,191.2	17.5
Goldman Sachs & Co	23	11,791.5	12.7
Credit Suisse First Boston	31	7,911.7	8.5
JP Morgan	24	7,013.8	7.6
Morgan Stanley	22	6,871.3	7.4
Deutsche Bank AG	14	4,708.8	5.1
UBS	20	4,272.7	4.6
Banc of America Securities	18	4,107.0	4.4
Societe Generale	12	2,987.9	3.2
Lehman Brothers	9	2,290.1	2.5
BNP Paribas SA	6	1,949.6	2.1
Nomura	8	1,073.8	1.2
All Others	28	3,404.3	3.5
Total	251	92,733.8	100

Note: Deal allocation was "full to book manager, full if joint books." The full amount of a transaction was given as credit to all book managers on the transaction. For example, if two underwriters were joint book managers on a \$100 million transaction, they would both receive \$100 million credit for the transaction.

Source: Adapted from Thomson Financial.

Exhibit B



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WELLS FARGO & COMPAN	R.R. Donnelley ProFile 172.21.113.120 7.6.18	CHI kenyp0mi	10-Apr-2003 18:41 EST	79701 COV 1	4*
FINAL: \$3,000,000.00		MIN	CLN	PS PMT	2C

OFFERING MEMORANDUM**CONFIDENTIAL****\$3,000,000,000****WELLS FARGO & COMPANY****Floating Rate Convertible Senior Debentures due 2033**

Wells Fargo & Company is offering \$3,000,000,000 original principal amount of Floating Rate Convertible Senior Debentures due 2033. The debentures will bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus .25%, initially %; provided that such rate will never be less than 0% per annum. Regular interest will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, each an interest payment date, beginning August 1, 2003, until May 1, 2008. After May 1, 2008 we will not pay regular interest on the debentures prior to maturity. Instead, on May 1, 2033, the stated maturity date of the debentures, a holder will receive the accreted principal amount of a debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield beginning on May 1, 2008. The yield will be reset quarterly to a rate equal to the greater of 0% and 3-month LIBOR minus .25% per annum. The debentures will be unsecured and unsubordinated obligations of Wells Fargo & Company.

Unless a remarketing reset event occurs, holders may convert their debentures in the circumstances described herein into a number of shares of our common stock determined as set forth in this offering memorandum, which we refer to as the conversion rate. Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of common stock in an amount described herein. The conversion rate will initially depend on the applicable stock price at the time of conversion. However, on May 1, 2008, unless a remarketing reset event occurs, the conversion rate will be fixed at the conversion rate then in effect. If a remarketing reset event occurs, from and after the date of such remarketing reset event, the debentures will no longer be convertible. Our common stock is listed on the New York Stock Exchange under the symbol "WFC." On April 8, 2003, the last reported sale price of our common stock was \$47.45.

Unless a remarketing reset event occurs, we will pay contingent interest to holders of the debentures in the amounts set forth in "Description of the Debentures—Contingent Interest," during any three-month period from and including an interest payment date to but excluding the next interest payment date, commencing with the three-month period beginning May 1, 2008, if the debentures are immediately convertible and the average trading price of the debentures for a five trading day measurement period immediately preceding the applicable three-month period equals 120% or more of the accreted principal amount of the debentures. If the debentures are immediately convertible and the average trading price of the debentures for a five trading day measurement period immediately preceding the applicable three-month period equals 200% or more of the accreted principal amount of the debentures, we will pay additional contingent interest for any applicable three-month period in an amount equal to .0625% of the average trading price of a debenture for such five trading day measuring period. For United States federal income tax purposes, the debentures will constitute contingent payment debt instruments. You should read the discussion under "Material United States Federal Income Tax Considerations" beginning on page 54.

If the average of the closing sale prices of our common stock over the five trading day period ending on the trading day immediately preceding May 1 of 2008, 2013, 2018, 2023 or 2028, each a remarketing reset event date, is less than the effective conversion price (initially \$100), which we refer to as a remarketing reset event, we will not pay regular cash interest or contingent interest on the debentures; the debentures will no longer be convertible into our common stock; a holder of debentures will not have the right to require us to repurchase the debentures under certain circumstances; and the yield on the debentures will be reset on such remarketing reset event date and annually on each May 1 thereafter prior to maturity, each a remarketing reset date. The yield on the debentures on each remarketing reset date will be the yield to the next remarketing reset date such that the proceeds from the remarketing of the debentures, net of any remarketing fee, will be 100% of their accreted principal amount; provided that the yield will not be less than 0% per annum. Each holder of debentures will have the right to elect to have such debentures remarketed on any remarketing reset date. If a remarketing of the debentures is required on any remarketing reset date but the remarketing is not successful, each holder of debentures will have the right to require us to purchase for cash such debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Upon a change in control, as defined in the indenture governing the debentures, unless a remarketing reset event has occurred, each holder may require us to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. In addition, unless a remarketing reset event occurs, holders may require us to purchase all or a portion of their debentures on May 1, 2008, 2013, 2018, 2023 or 2028, at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, if the debentures are not immediately convertible on such date.

Unless a remarketing reset event occurs, we may redeem for cash all or a portion of the debentures at any time on or after May 5, 2008 at a price equal to the accreted principal amount of the debentures being redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Investing in the debentures involves risks. See "Risk Factors" section beginning on page 9.

PRICE 100% AND ACCRUED INTEREST FROM APRIL 15, 2003

Neither the debentures nor the shares of common stock issuable upon conversion of the debentures have been registered under the Securities Act of 1933. The debentures are being offered only to qualified institutional buyers under Rule 144A under the Securities Act. For a description of certain restrictions on transfer, see "Notice to Investors."

The debentures are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, The Bank Insurance Fund or any other governmental agency.

We have granted the initial purchasers the right to purchase up to an additional \$450,000,000 aggregate original principal amount of debentures within a 13 day period beginning on the date of original issuance of the debentures.

The debentures will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company on or about April 15, 2003.

Joint Book-Running Managers

Merrill Lynch & Co.
Structuring Agent

Morgan Stanley
Structuring Agent

Goldman, Sachs & Co.

Wells Fargo Securities, LLC

JPMorgan

Ramirez & Co.

The Williams Capital Group, L.P.

April 9, 2003.



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ANNEX A—Form of Selling Securityholder Notice and Questionnaire	A-1

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing debentures, you will be deemed to have made the acknowledgments, representations, warranties and agreements included under the heading “Notice to Investors” in this offering memorandum. We are not, and the initial purchasers are not, making an offer to sell the debentures in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

We have submitted this offering memorandum confidentially to a limited number of institutional investors so that they can consider a purchase of the debentures. We have not authorized its use for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed, and its contents disclosed, only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, you agree to these restrictions. See “Notice to Investors.”

This offering memorandum summarizes certain documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering and the debentures, including the merits and risks involved.

We are not making any representation to any purchaser of the debentures regarding the legality of an investment in the debentures by the purchaser under any legal investment or similar laws or regulations. You should not consider any information contained or incorporated by reference in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, accountant, business advisor and tax advisor for legal, tax, business and financial advice regarding an investment in the debentures.

You should rely only on the information contained or incorporated by reference in this offering memorandum. We have not, and the initial purchasers have not, authorized any person to provide you



with different information or to make any representation not contained in, or incorporated by reference into, this offering memorandum. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume the information contained in this offering memorandum is accurate after the date on the front cover of this offering memorandum or that the information contained in documents incorporated by reference is accurate after the respective dates of filing of the incorporated documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

We reserve the right to withdraw this offering of the debentures at any time. We and the initial purchasers also reserve the right to reject any offer to purchase some or all of the debentures for any reason and to allot to any prospective investor less than the full amount of debentures sought by the investor.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the debentures under the laws and regulations in force in the jurisdiction to which you are subject or in which you make your purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

Neither the Securities and Exchange Commission (the "SEC") nor any other federal or state securities commission or regulatory authority has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

In the course of any review by the SEC of the shelf registration statement that we will agree to file covering the resale of the debentures and the sale of common stock issuable upon conversion of the debentures, we may be required to make changes to the description of our business or the other information and financial data included or incorporated by reference in this offering memorandum. Comments by the SEC on our shelf registration statement may require modification or reformulation of information we present in this offering memorandum and any required modification or reformulation could be significant.

DOCUMENTS INCORPORATED BY REFERENCE

We "incorporate by reference" into this offering memorandum the information we have filed with the SEC, which means that we can disclose important information to you by referring you to those documents. You should obtain and review carefully copies of the documents incorporated by reference. References herein to this offering memorandum will be deemed to include the documents incorporated by reference. The information incorporated by reference is an important part of this offering memorandum. Some information contained in this offering memorandum updates the information incorporated by reference. We incorporate by reference the documents listed below (other than any portions of any such documents that are not deemed "filed" under the Securities Exchange Act of 1934, as amended (the "Exchange Act") in accordance with the Exchange Act and applicable SEC rules):

- Annual Report on Form 10-K for the year ended December 31, 2002, including information specifically incorporated by reference into our Form 10-K from our 2002 Annual Report to Stockholders and our definitive Proxy Statement for our 2003 Annual Meeting of Stockholders; and
- Current Reports on Form 8-K filed January 21, 2003 and March 5, 2003.



AVAILABLE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities at 450 Fifth Street, N.W., Washington, D.C. 20549. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Our SEC filings are also available at the offices of the New York Stock Exchange and Chicago Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call (212) 656-5060, and for further information on obtaining copies of our public filings at the Chicago Stock Exchange, you should call (312) 663-2423.

You may obtain information, including the documents incorporated by reference (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing), at no cost, by writing to or telephoning us at the following address:

Laurel A. Holschuh
Corporate Secretary
Wells Fargo & Company
Wells Fargo Center
MAC #N9305-173
Sixth and Marquette
Minneapolis, Minnesota 55479
Phone: (612) 667-8655



SUMMARY

This summary highlights information contained elsewhere in this offering memorandum and certain documents incorporated by reference herein. You should read this entire offering memorandum and the documents we have incorporated by reference into this offering memorandum carefully, including the section entitled "Risk Factors" and our financial statements and the notes thereto incorporated by reference in this offering memorandum, before making an investment decision. Except as otherwise noted, all information in this offering memorandum assumes no exercise of the initial purchasers' option to purchase additional debentures.

The Company

Wells Fargo & Company is a diversified financial services company organized under the laws of the State of Delaware and registered as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956, as amended. As a diversified financial services organization, we own subsidiaries engaged in banking and a variety of related businesses. Our subsidiaries provide banking, insurance, investment, mortgage and consumer finance services through stores, the internet and other distribution channels throughout North America and elsewhere internationally.

We are a separate and distinct legal entity from our banking and other subsidiaries. Our principal source of funds to pay dividends on our common and preferred stock and debt service on our debt is dividends from our subsidiaries. Various federal and state statutes and regulations limit the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval.

When we refer to "Wells Fargo," "our company," "we," "our" and "us" in this offering memorandum under the headings "The Company" and "Capitalization," we mean Wells Fargo & Company and its subsidiaries unless the context indicates otherwise. When such terms are used elsewhere in this offering memorandum, we are referring only to Wells Fargo & Company unless the context indicates otherwise.



The Offering

- Debentures \$3,000,000,000 aggregate original principal amount (\$3,450,000,000 aggregate original principal amount if the initial purchasers exercise their option in full) of Floating Rate Convertible Senior Debentures due 2033.
- Offering Price 100% of the original principal amount of each debenture plus accrued interest, if any, from April 15, 2003. The original principal amount per debenture is \$1,000.
- Stated Maturity May 1, 2033.
- Payment at Maturity On May 1, 2033, the stated maturity date of the debentures, a holder will receive the accreted principal amount per debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until April 30, 2008 will be 0% per annum and, unless a remarketing reset event occurs, beginning on May 1, 2008 will be reset quarterly to a rate of 3-month LIBOR minus .25% per annum, until any remarketing reset event occurs. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum. If a remarketing reset event occurs, the principal amount of the debentures will accrete daily at the yield described under "Description of Debentures—Remarketing Reset Event."
- Regular Interest The debentures will bear regular interest to but excluding May 1, 2008 at an annual rate equal to 3-month LIBOR, reset quarterly, minus .25%; *provided* that the interest rate on the debentures will not be less than 0% per annum. Regular interest will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, each an "interest payment date," beginning August 1, 2003, until May 1, 2008. The rate of interest for the initial interest period will be % per annum. After May 1, 2008, we will not pay regular interest on the debentures prior to maturity.
- Conversion Rate Prior to May 1, 2008, the conversion rate will be:
- if the applicable stock price is less than or equal to the base conversion price, the base conversion rate, or
 - if the applicable stock price is greater than the base conversion price, determined in accordance with the following formula:

$$\text{Base Conversion Rate} + \left[\frac{(\text{Applicable Stock Price} - \text{Base Conversion Price}) \times \text{Incremental Share Factor}}{\text{Applicable Stock Price}} \right]$$



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Notwithstanding the foregoing, in no event will the conversion rate exceed 21.0748, subject to the same proportional adjustment as the base conversion rate, which we refer to as the maximum conversion rate.

From and after May 1, 2008, unless a remarketing reset event occurs, the conversion rate will be fixed at the conversion rate determined as set forth above assuming a conversion date that is eight trading days prior to May 1, 2008, which we refer to as the fixed conversion rate.

The "base conversion rate" is 10, subject to adjustment as described under "Description of Debentures—Conversion Rights—Conversion Rate Adjustments." The "base conversion price" is a dollar amount (initially \$100.00) derived by dividing the accreted principal amount (which will be \$1,000 until May 1, 2008) by the base conversion rate. The "incremental share factor" is 33.5, subject to the same proportional adjustment as the base conversion rate. The "applicable stock price" is equal to the average of the closing sale prices of our common stock over the five trading day period starting the third trading day following the conversion date of the debentures.

Conversion Rights A holder may convert its debentures into a number of shares of our common stock equal to the conversion rate under the following circumstances:

- at any time after September 30, 2003 if the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of any calendar quarter is more than 120% of the base conversion price (initially 120% of \$100.00, or \$120.00);
- after the earlier of (1) the date the debentures are assigned a credit rating by both Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors ("S&P") and Moody's Investor Services and its successors ("Moody's") and (2) April 30, 2003, during any period in which the credit rating assigned to the debentures by S&P is below A-, or the credit rating assigned to the debentures by Moody's is below A1, or no rating is assigned to the debentures by either S&P or Moody's;
- during the five business day period after any five consecutive trading day period in which the trading price per debenture for each day of that period was less



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than 98% of the product of the closing sale price of our common stock and the conversion rate on each such day;

- if such debentures have been called for redemption; or
- upon the occurrence of certain corporate transactions described under "Description of Debentures—Conversion Rights—Conversion Rights Upon Occurrence of Certain Corporate Transactions."

Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and common stock. If we elect to pay holders cash for their debentures, the payment will be based on the applicable stock price.

If we have not given notice of redemption specifying that we intend to deliver cash upon conversion thereafter, we must give notice of our election to deliver cash not more than two business days after the conversion date.

If a remarketing reset event occurs, from and after the date of such remarketing reset event, the debentures will not be convertible. Otherwise, the ability to surrender debentures for conversion will expire at the close of business on the stated maturity date of the debentures, unless they have previously been redeemed or repurchased. See "Description of Debentures—Conversion Rights."

Contingent Interest Unless and until a remarketing reset event occurs, we will pay contingent interest to holders of the debentures in the amounts set forth in "Description of the Debentures—Contingent Interest" during any three-month period from and including an interest payment date to but excluding the next interest payment date, commencing with the three-month period beginning May 1, 2008, if (1) the average trading price of the debentures for a five trading day measurement period immediately preceding the beginning of the applicable three-month period equals 120% or more of the accreted principal amount of the debentures and (2) the debentures are immediately convertible by their terms on the first day of such measurement period. If (1) the average trading price of the debentures for the same five trading day measurement period equals 200% or more of the accreted principal amount of the debentures and (2) the debentures are immediately convertible by their terms on the first day of such measurement period, we will pay for any applicable three-month period additional



contingent interest in an amount equal to .0625% of the average trading price of a debenture for such five trading day measurement period. Any contingent interest or additional contingent interest will be payable on the interest payment date at the end of the relevant three-month period.

Remarketing Reset Event If the average of the closing sale prices of our common stock over the five trading day period ending on the trading day immediately preceding May 1 of 2008, 2013, 2018, 2023 or 2028, each a remarketing reset event date, is less than the effective conversion price, which we refer to as a remarketing reset event, we will thereafter not pay regular cash interest or contingent interest on the debentures; the debentures will no longer be convertible into our common stock; a holder of debentures will not have the right to require us to repurchase the debentures under certain circumstances; and the yield on the debentures will be reset on such remarketing reset event date and annually on each May 1 thereafter prior to maturity, each a remarketing reset date. The yield on the debentures will be reset on each remarketing reset date and will be the yield to the next remarketing reset date such that the proceeds from the remarketing of the debentures, net of any remarketing fee, will be 100% of their accreted principal amount; *provided* that the yield will not be less than 0% per annum. Each holder of debentures will have the right to elect to have such debentures remarketed on any remarketing reset date. The "effective conversion price" is, as of any date of determination, a dollar amount (initially \$100.00) derived by dividing the accreted principal amount (initially \$1,000) by the conversion rate then in effect (assuming a conversion date eight trading days prior to the date of determination).

If a remarketing of the debentures is required on any remarketing reset date but the remarketing is not successful, each holder of debentures has the right to require us to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. If less than \$50 million aggregate original principal amount of the debentures are to be remarketed in any remarketing or the debentures are not successfully remarketed on any remarketing reset date, the yield to maturity of the debentures will be reset to the rate necessary, in the judgment of the remarketing agent, for the debentures to trade at a price equal to 100% of their accreted principal amount.



Redemption of Debentures at Our

Option Unless a remarketing reset event occurs, we may redeem for cash all or a portion of the debentures at any time on or after May 5, 2008 at a price equal to 100% of the accreted principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date. Holders may convert their debentures after they are called for redemption at any time prior to the close of business on the business day immediately preceding the redemption date. Our notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption. See "Description of Debentures—Redemption of Debentures at Our Option."

Purchase of Debentures by Us at the

Option of Holder Unless a remarketing reset event occurs on such date, or has previously occurred, holders may require us to purchase all or a portion of their debentures on May 1, 2008, 2013, 2018, 2023 or 2028, at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, if the debentures are not immediately convertible on such date. See "Description of Debentures—Purchase of Debentures by Us at the Option of the Holder."

Change in Control Upon a change in control (as defined in the indenture governing the debentures) of Wells Fargo occurring at any time before May 1, 2033, unless a remarketing reset event has occurred, each holder may require us to purchase all or a portion of such holder's debentures for cash at a price equal to 100% of the accreted principal amount of the debentures to be purchased plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. See "Description of Debentures—Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

Ranking The debentures will be our unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures will be structurally subordinated to the liabilities of our subsidiaries, including deposits and trade payables.

Sinking Fund None.



Use of Proceeds We intend to use the net proceeds from this offering for general corporate purposes, including to fund possible repurchases of our debt and equity securities. See "Use of Proceeds."

Registration Rights We have agreed to use reasonable efforts to file with the SEC within 120 days after the date of the initial issuance of the debentures, and to cause to become effective no later than 180 days after the initial issuance of the debentures, a shelf registration statement with respect to the resale of the debentures and the shares of our common stock issuable upon conversion of the debentures and to use reasonable efforts to keep such shelf registration statement effective during such period or periods as are specified in "Description of Debentures—Registration Rights."

U.S. Federal Income Taxation The debentures will be treated as debt instruments subject to the United States federal income tax contingent payment debt regulations. You should be aware that, even if we do not pay any cash interest on the debentures, you will be required to include imputed interest in your gross income for United States federal income tax purposes. For United States federal income tax purposes, this imputed interest, also referred to as tax original issue discount, will accrue from the original issue date of the debentures at the rate of 5.83% per year, compounded quarterly, which represents the yield at which we could issue noncontingent, nonconvertible, fixed rate debt instruments with terms and conditions otherwise similar to the debentures. United States holders will be required to accrue this tax original issue discount on a constant yield to maturity basis at that rate (subject to certain adjustments), with the result that a United States holder will recognize taxable income in excess of cash interest received while the debentures are outstanding.

You also will recognize gain or loss on the sale, exchange, conversion or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any common stock received upon conversion or otherwise, and your adjusted tax basis in the debenture. Any gain recognized by you on the sale, exchange, conversion or retirement of a debenture generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See "Material United States Federal Income Tax Considerations."



DTC Eligibility The debentures will be issued in book-entry form and will be represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or DTC, in New York, New York. Beneficial interests in any such securities will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See "Description of Debentures—Book-Entry System."

Transfer Restrictions The debentures and the shares of our common stock issuable upon conversion of the debentures have not been registered under the Securities Act or any other securities laws. Unless they are registered, the debentures and such common stock may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and other applicable laws. See "Notice to Investors." You should refer to the section "Risk Factors" for an explanation of some risks of investing in the debentures.

NYSE Symbol for Our Common
Stock "WFC"



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RISK FACTORS

Your investment in the debentures will involve certain risks. You should carefully consider the following factors in addition to the other information included or incorporated by reference in this offering memorandum before making an investment in the debentures.

No public market exists for the debentures, and the resale of the debentures is subject to significant restrictions as well as uncertainties regarding the existence of any trading market for the debentures.

Neither the debentures nor the shares of common stock issuable upon conversion of the debentures have been registered under the Securities Act or any state securities laws. As a result, they may only be offered or sold if:

- an applicable exemption from the registration requirements of the Securities Act and applicable state laws applies to the circumstances of the sale, or
- a registration statement covering the resale of these securities is filed and declared effective.

The debentures are a new issue of securities for which there is currently no public market. We do not intend to list the debentures on any national securities exchange or automated quotation system. We cannot assure you that an active or sustained trading market for the debentures will develop or that the holders will be able to sell their debentures. The initial purchasers have informed us that they intend to make a market in the debentures after this offering is completed. However, the initial purchasers may cease their market-making at any time.

Moreover, even if the holders are able to sell their debentures, we cannot assure you as to the price at which any sales will be made. Future trading prices of the debentures will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our common stock and the market for similar securities. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the debentures will be subject to disruptions which may have a negative effect on the holders of the debentures, regardless of our prospects or financial performance.

Under the registration rights agreement applicable to the debentures, we are required to use our reasonable efforts to file and have declared effective a shelf registration statement registering the debentures and the common stock issuable upon the conversion of the debentures. However, we cannot assure you that we will be successful in having that registration statement declared effective.

The price of our common stock, and therefore of the debentures, may fluctuate significantly, which may make it difficult for you to resell the debentures, or common stock issuable upon conversion of the debentures, when you want or at prices you find attractive.

The price of our common stock on the New York Stock Exchange and the Chicago Stock Exchange constantly changes. We expect that the market price of our common stock will continue to fluctuate. Because the debentures are convertible into our common stock, volatility or depressed prices for our common stock could have a similar effect on the trading price of the debentures. Holders who have received common stock upon conversion will also be subject to the risk of volatility and depressed prices.



Our stock price can fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include:

- actual or anticipated variations in our quarterly operating results;
- recommendations by securities analysts;
- new technology used, or services offered, by our competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- failure to integrate our acquisitions or realize anticipated benefits from our acquisitions;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry;
- changes in government regulations; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts.

General market fluctuations, industry factors and general economic and political conditions and events, such as the recent terrorist attacks, economic slowdowns or recessions, interest rate changes, credit loss trends or currency fluctuations, also could cause our stock price to decrease regardless of our operating results.

In addition, the stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

The yield on the debentures cannot be determined at this time and may be lower than the yield on a standard debt security of comparable maturity and may be zero.

The yield on the debentures is based on 3-month LIBOR, which is the London Interbank Offered Rate, minus .25%. At April 8, 2003, 3-month LIBOR was 1.29000% per annum. The yield on the debentures will be reset every three months. Unless a remarketing reset event has occurred, if LIBOR is at or below .25% per annum at the start of any three-month period before May 1, 2008, no interest will accrue on the debenture for such three-month period. If LIBOR is at or below .25% per annum at the start of any three-month period on or after May 1, 2008, the principal amount of the debenture will not increase during that period. Therefore, the accreted principal amount of a debenture at maturity cannot be determined at this time and there can be no assurance that we will pay more than the \$1,000 on the maturity date.

The amount we pay holders may be less than the return the holders could earn on other investments. The holder's yield may be less than the yield a holder would earn if it bought a standard senior debt security of Wells Fargo with the same stated maturity date. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

The conditional conversion features of the debentures could result in you receiving less than the value of the common stock into which a debenture is convertible.

The debentures are convertible into common stock only if specified conditions are met. If the specific conditions for conversion are not met, you may not be able to receive the value of the common stock into which the debentures would otherwise be convertible.



Conversion of the debentures will dilute the ownership interest of existing shareholders.

The conversion of some or all of the debentures will dilute the ownership interests of existing shareholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the debentures may encourage short selling by market participants because the conversion of the debentures could depress the price of our common stock.

The trading prices for the debentures will be directly affected by the trading prices for our common stock, which is impossible to predict.

The price of our common stock could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in Wells Fargo and by hedging or arbitrage trading activity that may develop involving the common stock. The arbitrage could, in turn, affect the trading prices of the debentures.

The debentures are structurally subordinated to debt of our subsidiaries.

The debentures are our obligations but our assets consist primarily of equity in our subsidiaries and, as a result, our ability to make payments on the debentures depends on our receipt of dividends, loan payments and other funds from our subsidiaries.

The debentures are not obligations of our subsidiaries, and our subsidiaries have no obligation to pay any amounts due on the debentures. All amounts due on the debentures will be structurally subordinated to all obligations and liabilities of our subsidiaries, including deposits and trade payables. The indenture relating to the debentures does not limit our ability or the ability of our subsidiaries to issue or incur additional debt or preferred stock.

We may not have the ability to raise the funds necessary to finance the purchase of the debentures if required by holders pursuant to the indenture.

Upon the occurrence of certain specific kinds of change in control events, unless a remarketing reset event has occurred, we will be required to offer to purchase all outstanding debentures. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "change in control" under the debentures. See "Description of Debentures—Change in Control Permits Purchase of Debentures by Us at the Option of the Holder." In addition, we will be required to offer to repurchase all outstanding debentures if there is a failed remarketing and, in certain circumstances, on May 1, 2008, 2013, 2018, 2023 and 2028. However, it is possible that we will not have sufficient funds available at any such time to make the required repurchase of debentures and restrictions in our other indebtedness outstanding in the future may not allow any such repurchase.

You should consider the United States federal income tax consequences of owning the debentures.

The debentures will be treated as debt instruments subject to the United States federal income tax contingent payment debt regulations. You should be aware that, even if we do not pay any cash interest on the debentures, you will be required to include imputed interest in your gross income for United States federal income tax purposes. For United States federal income tax purposes, this imputed



interest, also referred to as tax original issue discount, will accrue from the original issue date of the debentures at the rate of 5.83% per year, compounded quarterly, which represents the yield at which we could issue noncontingent, nonconvertible, fixed rate debt instruments with terms and conditions otherwise similar to the debentures. United States holders will be required to accrue this tax original issue discount on a constant yield to maturity basis at that rate (subject to certain adjustments), with the result that a United States holder will recognize taxable income in excess of cash interest received while the debentures are outstanding.

You also will recognize gain or loss on the sale, exchange, conversion or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any common stock received upon conversion or otherwise, and your adjusted tax basis in the debenture. Any gain recognized by you on the sale, exchange, conversion or retirement of a debenture generally will be ordinary interest income; any loss will generally be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See "Material United States Federal Income Tax Considerations."

Certain provisions in our certificate of incorporation and bylaws may deter potential acquirors and may depress our stock price.

Our certificate of incorporation and bylaws contain provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of Wells Fargo. See "Description of Capital Stock."



USE OF PROCEEDS

The net proceeds to us from this offering, after deducting the initial purchasers' discount and estimated expenses of this offering, will be approximately \$2,966.0 million (approximately \$3,411.1 million if the initial purchasers' option is exercised in full). We expect to use the aggregate net proceeds from this offering for general corporate purposes, including to fund possible repurchases of our debt and equity securities.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the New York Stock Exchange and the Chicago Stock Exchange under the symbol "WFC." On April 8, 2003, the last reported sales price of the common stock on the New York Stock Exchange was \$47.45 per share. The following table sets forth for the periods indicated below the high and low sale prices for our common stock on the New York Stock Exchange Transaction Reporting System for each quarterly period during the fiscal years 2001, 2002 and 2003.

	Common Stock Price		Dividends Declared per Share
	High	Low	
2001			
First Quarter	\$54.81	\$42.55	\$.24
Second Quarter	50.16	42.65	.24
Third Quarter	48.30	40.50	.26
Fourth Quarter	45.14	38.25	.26
2002			
First Quarter	50.75	42.90	.26
Second Quarter	53.44	48.12	.28
Third Quarter	54.84	38.10	.28
Fourth Quarter	51.60	43.30	.28
2003			
First Quarter	49.13	43.27	.30
Second Quarter (through April 8, 2003)	48.11	45.01	—

The timing and amount of future dividends will depend on earnings, cash requirements, the financial condition of Wells Fargo and its subsidiaries, applicable government regulations and other factors deemed relevant by Wells Fargo's board of directors in its discretion. As described in our Annual Report, various federal and state laws limit the ability of affiliate banks to pay dividends to Wells Fargo.



CAPITALIZATION

The following table shows our cash, cash equivalents and capitalization at December 31, 2002 on an actual basis and as adjusted to give effect to this offering (excluding debentures that may be issued upon exercise of the initial purchasers' option) and the application of the estimated net proceeds of \$2,966.0 million from this offering as described under "Use of Proceeds." You should read this information together with the more detailed information included in our financial statements and the accompanying notes incorporated by reference in this offering memorandum.

	December 31, 2002	
	Actual	As Adjusted
	(dollars in millions)	
Cash and cash equivalents ¹	\$20,994	\$23,960
Total long-term debt	\$47,320	\$50,320
Guaranteed preferred beneficial interests in Company's subordinated debentures	2,885	2,885
Total stockholders' equity	30,358	30,358
Total capitalization	\$80,563	\$83,563

¹ Cash and cash equivalents include federal funds sold and securities sold under resale agreements, which generally mature in less than 30 days.



DESCRIPTION OF DEBENTURES

We will issue the debentures under a senior indenture, to be dated as of April 15, 2003, between us and Citibank, N.A., as trustee.

The following summary does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of the debentures and the indenture. We urge you to read the indenture and the form of the debentures, which you may obtain from us upon request, because they and not this description define your rights in respect of the debentures. As used in this description, all references to "Wells Fargo & Company," "Wells Fargo," "we," "us" or "our" mean Wells Fargo & Company, excluding, unless otherwise expressly stated or the context otherwise requires, any of its subsidiaries.

General

The debentures will be limited to \$3,000,000,000 aggregate original principal amount (plus up to \$450,000,000 aggregate original principal amount issuable upon exercise of the initial purchasers' option) and will be issued only in registered form without coupons in denominations of \$1,000 original principal amount and any integral multiple of \$1,000 above that amount. We use the term "debenture" in this offering memorandum to refer to each \$1,000 original principal amount of debentures. The debentures will mature on May 1, 2033. On the maturity date of the debentures, a holder will receive the accreted principal amount of a debenture. The accreted principal amount will equal the original principal amount of \$1,000 per debenture increased by a variable yield, which until May 1, 2008 will be 0% per annum and, unless a remarketing reset event occurs, commencing on May 1, 2008 will be reset quarterly to a rate of 3-month LIBOR minus .25% per annum. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum. The principal amount of the debentures will accrete daily beginning May 1, 2008 at the applicable yield, compounded quarterly. The yield will be calculated using the actual number of days elapsed from and including the LIBOR reset date, to but excluding the next succeeding LIBOR reset date. If a remarketing reset event occurs, the principal amount of the debentures will accrete daily at the yield described under "—Remarketing Reset Event" below, compounded annually. The rate of accretion will be applied to the accreted principal amount per debenture as of the day preceding the most recent yield reset date.

The debentures will bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus .25% (but not less than 0%) on the original principal amount from April 15, 2003, or from the most recent date to which regular interest has been paid or provided for, until May 1, 2008. For the initial interest period from and including April 15, 2003 to but excluding August 1, 2003, the regular interest rate on the debentures will be % per annum. Regular interest will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, each an interest payment date, beginning August 1, 2003, to the person in whose name a debenture is registered at the close of business on the January 15, April 15, July 15 or October 15, as the case may be, immediately preceding the relevant interest payment date, each of which we refer to as a record date. Each payment of regular interest will include interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, the original issuance date of the debentures) to but excluding the applicable interest payment date. Regular interest on the debentures will be computed using the actual number of days in the interest period divided by 360. From and after May 1, 2008, we will not pay regular interest prior to maturity. Contingent interest and additional contingent interest, if any, as described below under "—Contingent Interest," will be payable in addition to the accreted principal.



If any interest payment date (other than an interest payment date coinciding with the stated maturity date or earlier redemption date or purchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day, provided that, if such business day falls in the next succeeding calendar month, the interest payment date will be brought forward to the immediately preceding business day. If the stated maturity date, redemption date or purchase date of a debenture would fall on a day that is not a business day, the required payment of interest, if any, and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date, redemption date or purchase date to such next succeeding business day. The term "business day" means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close, provided such day is also a London banking day. The term London banking day is defined below under "—3-month LIBOR."

The debentures are redeemable prior to maturity only on or after May 5, 2008 (and only if a remarketing reset event has not occurred) and as described below under "—Redemption of Debentures at Our Option," and do not have the benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be Wells Fargo Bank Minnesota, N.A. If certain conditions have been satisfied, the debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being Wells Fargo Bank Minnesota, N.A. No service charge will be made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Maturity, conversion, purchase by us at the option of a holder or redemption of a debenture will cause interest to cease to accrue on such debenture. We may not reissue a debenture that has matured or been converted, purchased by us at the option of a holder, redeemed or otherwise cancelled, except for registration of transfer, exchange or replacement of such debenture.

The debentures will be debt instruments subject to the contingent payment debt regulations. The debentures will be issued with original issue discount for U.S. federal income tax purposes. Even if we do not pay any regular or contingent interest on the debentures, holders will be required to include accrued tax original issue discount in their gross income for U.S. federal income tax purposes. See "Material United States Federal Income Tax Considerations."

3-month LIBOR

Prior to May 1, 2008, the annual rate of regular interest payable on the debentures will be reset on each interest payment date commencing August 1, 2003. Unless a remarketing reset event occurs, beginning on May 1, 2008, the yield on the debentures will be reset on each LIBOR reset date but no cash interest will be paid. We refer to each February 1, May 1, August 1 and November 1, commencing August 1, 2003 as a LIBOR reset date. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day, except if that business day falls in the next succeeding calendar month, the LIBOR reset date will be the immediately preceding business day.

The calculation agent will determine 3-month LIBOR on the second London banking day preceding the related LIBOR reset date, which we refer to as the LIBOR determination date.



“3-month LIBOR” means:

- (a) the rate for three-month deposits in United States dollars commencing on the related LIBOR reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR determination date; or
- (b) if no rate appears on the particular LIBOR determination date on the Moneyline Telerate Page 3750, the rate calculated by the calculation agent as the arithmetic mean of at least two offered quotations obtained by the calculation agent after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the calculation agent with its offered quotation for deposits in United States dollars for the period of three months, commencing on the related LIBOR reset date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that LIBOR determination date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or
- (c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the calculation agent as the arithmetic mean of the rates quoted at approximately 11:00 A.M., New York time, on the particular LIBOR determination date by three major banks in The City of New York selected by the calculation agent for loans in United States dollars to leading European banks for a period of three months and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or
- (d) if the banks so selected by the calculation agent are not quoting as mentioned in clause (c), 3-month LIBOR in effect on the preceding LIBOR determination date (or % per annum in the case of the reset on August 1, 2003).

“Moneyline Telerate Page 3750” means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

“London banking day” means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

Ranking of Debentures

The debentures will be unsecured and unsubordinated obligations and will rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures will be structurally subordinated to the indebtedness and liabilities of our subsidiaries, including deposits and trade payables.

Conversion Rights

Subject to certain conditions, a holder may convert its debentures into a number of shares of our common stock, par value \$1 $\frac{2}{3}$, equal to the conversion rate. If a remarketing reset event occurs, from and after the date of such remarketing reset event, the debentures will no longer be convertible into our common stock. Otherwise, the ability to surrender debentures for conversion will expire at the close of business on the maturity date of the debentures, unless they have previously been redeemed or purchased.



Prior to May 1, 2008, the conversion rate will be (1) if the applicable stock price is less than or equal to the base conversion price, the base conversion rate or (2) if the applicable stock price is greater than the base conversion price, determined in accordance with the following formula:

$$\text{Base Conversion Rate} + \left[\frac{(\text{Applicable Stock Price} - \text{Base Conversion Price}) \times \text{Incremental Share Factor}}{\text{Applicable Stock Price}} \right]$$

Notwithstanding the foregoing, in no event will the conversion rate exceed 21.0748, subject to the same proportional adjustment as the base conversion rate, which we refer to as the maximum conversion rate.

From and after May 1, 2008, unless a remarketing reset event occurs, the conversion rate will be fixed for the remainder of the term of the debentures at the conversion rate determined as set forth above assuming a conversion date that is eight trading days prior to May 1, 2008, which we refer to as the fixed conversion rate, subject to the same adjustments as the base conversion rate.

The "base conversion rate" is 10, subject to adjustment as described under "—Conversion Rate Adjustments." The "base conversion price" is a dollar amount (initially \$100.00) derived by dividing the accreted principal amount (which will be \$1,000 until May 1, 2008) by the base conversion rate. The "incremental share factor" is 33.5, subject to the same proportional adjustment as the base conversion rate. The "applicable stock price" is equal to the average of the closing sale prices of our common stock over the five trading day period starting the third trading day following the conversion date of the debentures.

A holder of a debenture otherwise entitled to a fractional share will receive cash in an amount equal to the value of such fractional share based on the applicable stock price. Upon a conversion, we will have the right to deliver cash or a combination of cash and shares of our common stock, as described below.

Holders may surrender debentures for conversion into shares of our common stock only if at least one of the conditions described below is satisfied. In addition, a debenture for which a holder has delivered a change in control purchase notice requiring us to purchase the debentures may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Based on Common Stock Price. A holder may surrender debentures for conversion into shares of our common stock at any time after September 30, 2003 if the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of any calendar quarter is more than 120% of the base conversion price (initially 120% of \$100.00, or \$120.00) as of the last day of such calendar quarter. We refer to this as the "conversion trigger price."

"Trading day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if our common stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which our common stock is then listed or, if our common stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System ("Nasdaq") or, if our common stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which our common stock is then traded.



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The "closing sale price" of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) on such date as reported on the principal United States securities exchange on which our common stock is traded or, if our common stock is not listed on a United States national or regional securities exchange, as reported by Nasdaq or by the National Quotation Bureau Incorporated. In the absence of such a quotation, we will determine the closing sale price on the basis we consider appropriate.

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until May 1, 2008 will be 0% per annum and, unless a remarketing reset event occurs, commencing on May 1, 2008 will be reset quarterly on each LIBOR reset date to a rate of 3-month LIBOR minus .25% per annum, compounded quarterly. Regardless of the level of 3-month LIBOR, however, this yield will never be less than 0% per annum. Because the base conversion price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the conversion trigger price per share of our common stock, which is based on the base conversion price, for periods ending after May 1, 2008 cannot be determined at this time. The following table indicates what the conversion trigger prices would be for the quarter commencing April 1 of each year beginning 2008, assuming the yield on the debentures was a constant 2.00%, 5.00% and 8.00% from May 1, 2008 to maturity. This table represents an example of only three possibilities and you should realize that because LIBOR, and therefore the yield of the debentures, will fluctuate, the base conversion price, and therefore the conversion trigger price, will differ, and may differ significantly, from the amounts shown below.



Hypothetical Conversion Trigger Prices

Quarter Commencing April 1,	Assuming 2.00% Yield		Assuming 5.00% Yield		Assuming 8.00% Yield	
	Base Conversion Price	Conversion Trigger Price	Base Conversion Price	Conversion Trigger Price	Base Conversion Price	Conversion Trigger Price
2008	\$100.00	\$120.00	\$100.00	\$120.00	\$100.00	\$120.00
2009	101.87	122.25	104.73	125.68	107.65	129.18
2010	103.96	124.75	110.14	132.17	116.65	139.98
2011	106.08	127.30	115.84	139.00	126.41	151.69
2012	108.25	129.90	121.84	146.20	137.01	164.41
2013	110.46	132.56	128.13	153.76	148.46	178.15
2014	112.72	135.27	134.75	161.70	160.87	193.05
2015	115.03	138.03	141.71	170.06	174.33	209.19
2016	117.38	140.86	149.06	178.87	188.94	226.73
2017	119.78	143.74	156.76	188.11	204.74	245.69
2018	122.23	146.67	164.86	197.83	221.86	266.23
2019	124.73	149.67	173.37	208.05	240.41	288.49
2020	127.28	152.74	182.36	218.83	260.57	312.68
2021	129.88	155.86	191.78	230.13	282.35	338.82
2022	132.54	159.04	201.69	242.02	305.96	367.15
2023	135.24	162.29	212.11	254.53	331.54	397.85
2024	138.01	165.62	223.10	267.72	359.34	431.21
2025	140.83	169.00	234.62	281.55	389.39	467.26
2026	143.71	172.45	246.75	296.10	421.94	506.33
2027	146.65	175.98	259.49	311.39	457.22	548.67
2028	149.65	179.58	272.94	327.53	495.56	594.67
2029	152.71	183.25	287.04	344.45	537.00	644.40
2030	155.83	187.00	301.87	362.25	581.90	698.27
2031	159.01	190.82	317.47	380.96	630.55	756.66
2032	162.27	194.73	333.92	400.70	683.42	820.10
2033	165.59	198.71	351.17	421.40	740.56	888.67

* This table assumes no events have occurred that would require an adjustment to the conversion rate and no remarketing reset event occurs.

Conversion Rights Upon Credit Rating Events. After the earlier of (a) the date the debentures are assigned a credit rating by both Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors ("S&P") and Moody's Investor Services and its successors ("Moody's") and (b) April 30, 2003, during any period in which (1) the credit rating assigned to the debentures by S&P is below A-, (2) the credit rating assigned to the debentures by Moody's is below A1, or (3) no credit rating is assigned to the debentures by either S&P or Moody's, holders may also surrender debentures for conversion into shares of our common stock.

Conversion Upon Satisfaction of Trading Price Condition. Holders may surrender their debentures for conversion into our common stock prior to maturity during the five business day period after any five consecutive trading day period in which the "trading price" per debenture, as determined following a request by a holder of debentures in accordance with the procedures described below, for each day of that period was less than 98% of the product of the closing sale price of our common stock and the conversion rate (determined based on such closing sale price rather than the applicable stock price) (the "trading price condition"); *provided* that if, on the date of any conversion pursuant to the trading price condition that is on or after May 1, 2028, the closing sale price of our common stock is



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greater than the effective conversion price, then you will receive, in lieu of common stock based on the conversion rate, cash or common stock or a combination of cash and common stock, at our option, with a value equal to the accreted principal amount of your debentures plus accrued and unpaid interest, if any, including contingent interest, if any, as of the conversion date ("principal value conversion"). If you surrender your debentures for conversion and it is a principal value conversion, we will notify you by the second trading day following the date of conversion whether we will pay you all or a portion of the accreted principal amount plus accrued and unpaid interest, including contingent interest, if any, in cash, common stock or a combination of cash and common stock, and in what percentage. Any common stock delivered upon a principal value conversion will be valued at the greater of the effective conversion price on the conversion date and the applicable stock price as of the conversion date. We will pay you any portion of the accreted principal amount plus accrued and unpaid interest to be paid in cash and deliver common stock with respect to any portion of the principal amount plus accrued and unpaid interest to be paid in common stock, no later than the third business day following the determination of the applicable stock price. The "effective conversion price" is, as of any date of determination, a dollar amount (initially \$100.00) derived by dividing the accreted principal amount (initially \$1,000) by the conversion rate then in effect (assuming a conversion date eight trading days prior to the date of determination); *provided* that from and after May 1, 2008, the effective conversion price shall be the accreted principal amount divided by the fixed conversion rate.

The "trading price" of the debentures on any date of determination means the average of the secondary market bid quotations obtained by the trustee for \$10,000,000 original principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; *provided* that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$10,000,000 original principal amount of the debentures from a nationally recognized securities dealer or in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures, then the trading price per debenture will be deemed to be less than 98% of the product of the "closing sale price" of our common stock and the number of shares issuable upon conversion of such debenture.

In connection with any conversion upon satisfaction of the above trading price condition, the trustee shall have no obligation to determine the trading price of the debentures unless we have requested such determination; and we shall have no obligation to make such request unless you provide us with reasonable evidence that the trading price per debenture would be less than 98% of the product of the closing sale price of our common stock and the number of shares of common stock issuable upon conversion of such debenture. At such time, we shall instruct the trustee to determine the trading price of the debentures beginning on the next trading day and on each successive trading day until the trading price per such debenture is greater than or equal to 98% of the product of the closing sale price of our common stock and the number of shares issuable upon conversion of such debenture.

Conversion Rights Upon Notice of Redemption. A holder may surrender debentures called for redemption for conversion into shares of our common stock at any time prior to the close of business on the business day immediately preceding the redemption date, even if the debentures are not otherwise convertible at such time. A debenture for which a holder has delivered a change in control purchase notice, as described below, requiring us to purchase the debenture may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Upon Occurrence of Certain Corporate Transactions. If we are party to a consolidation, merger or binding share exchange pursuant to which shares of our common stock would



be converted into cash, securities or other property, a holder may surrender debentures for conversion into shares of our common stock at any time from and after the date that is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time, the right to convert a debenture into shares of our common stock will be changed into a right to convert such debenture into the kind and amount of cash, securities or other property of Wells Fargo or another person that the holder would have received if the holder had converted the holder's debenture immediately prior to the transaction. If such transaction also constitutes a change in control, the holder will be able to require us to purchase all or a portion of such holder's debentures as described under "—Change in Control Permits Purchase of Debentures by Us at the Option of the Holder."

If we elect to:

- distribute to all holders of our common stock rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such distribution, our common stock at less than the average closing sale price for the 10 trading days preceding the declaration date for such distribution; or
- distribute to all holders of our common stock, cash, assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our common stock on the trading day immediately preceding the declaration date for such distribution;

we must notify you at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, you may surrender your debentures for conversion at any time until the earlier of the close of business on the business day immediately preceding the ex-dividend date or any announcement by us that such distribution will not take place. No adjustment to your ability to convert will be made if you will otherwise participate in the distribution without conversion.

Upon determination that debenture holders are or will be entitled to convert their debentures into shares of our common stock in accordance with the foregoing provisions, we will issue a press release and publish such information on our website on the World Wide Web.

Conversion Procedures

To convert your debenture into common stock you must do the following (or comply with DTC procedures for doing so in respect of your beneficial interest in debentures evidenced by a global debenture):

- complete and manually sign the conversion notice on the back of the debenture or facsimile of the conversion notice and deliver this notice to the conversion agent;
- surrender the debenture to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents;
- if required, pay all transfer or similar taxes; and
- if required, pay funds equal to interest payable on the next interest payment date.

Pursuant to the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.



Upon conversion of debentures, a holder will not receive any cash payment of interest (unless such conversion occurs between a regular record date and the interest payment date to which it relates). Our delivery to the holder of the full number of shares of our common stock into which the debenture is convertible, together with any cash payment for such holder's fractional shares, or cash or a combination of cash and shares of our common stock in lieu thereof, will be deemed:

- to satisfy our obligation to pay the accreted principal amount of the debenture; and
- to satisfy our obligation to pay accrued but unpaid interest, including contingent interest, if any, attributable to the period from the most recent interest payment date through the conversion date.

As a result, increases in the accreted principal amount and unpaid interest, including contingent interest, if any, through the conversion date are deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the debentures so converted; *provided* that no such payment need be made if (1) we have specified a redemption date that is after a record date and prior to the next interest payment date, (2) we have specified a purchase date following a change in control that is during such period or (3) only to the extent of overdue interest, any overdue interest, or overdue contingent interest, if any, exists at the time of conversion with respect to such debenture.

In lieu of delivery of shares of our common stock upon conversion of any debentures, for all or any portion of the debentures, we may elect to pay holders surrendering debentures an amount in cash per debenture (or a portion of a debenture) equal to the applicable stock price multiplied by the conversion rate in effect on the conversion date. We will inform the holders through the trustee no later than two business days following the conversion date of our election to deliver shares of our common stock or to pay cash in lieu of delivery of the shares, unless we have already informed holders of our election in connection with our optional redemption of the debentures as described under “—Redemption of Debentures at Our Option.” Shares of our common stock and cash deliverable upon conversion will be delivered through the conversion agent no later than the third business day following the determination of the applicable stock price. If we elect to pay all of such payment in cash, the payment will be made to holders surrendering debentures no later than the tenth business day following the applicable conversion date. If an event of default, as described under “—Events of Default; Waiver and Notice” below (other than a default in a cash payment upon conversion of the debentures), has occurred and is continuing, we may not pay cash upon conversion of any debentures or portion of the debentures (other than cash for fractional shares).

For a discussion of the tax treatment for a holder converting debentures, see “Material United States Federal Income Tax Considerations—Tax Consequences to United States Holders—Sale, Exchange, Conversion or Retirement of the Debentures.”



Conversion Rate Adjustments. Each of the base conversion rate, the maximum conversion rate, the incremental share factor and any fixed conversion rate will be adjusted for:

- dividends or distributions on shares of our common stock payable in shares of our common stock or other capital stock of Wells Fargo;
- subdivisions, combinations or certain reclassifications of shares of our common stock;
- distributions to all holders of shares of our common stock of rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such distribution, our common stock at less than the average closing sale price for the 10 trading days preceding the declaration date for such distribution;
- distributions to all holders of shares of our common stock of shares of our capital stock, evidences of indebtedness or assets, including securities but excluding:
 - rights or warrants specified above;
 - dividends or distributions specified above; and
 - cash distributions;

In the event that we make a distribution to all holders of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

- distributions to all holders of shares of our common stock of cash, excluding any dividend or distribution in connection with our liquidation, dissolution or winding up, to the extent that the aggregate cash dividends per share of common stock in any twelve month period exceeds the greater of:
 - the annualized amount per share of common stock of the next preceding quarterly cash dividend on the common stock to the extent that the preceding quarterly dividend did not require an adjustment of the conversion rate pursuant to this clause, as adjusted to reflect subdivisions or combinations of the common stock; and
 - 10% of the average of the closing sale price of the common stock during the ten trading days immediately prior to the declaration date of the dividend.

If an adjustment is required to be made under this clause as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant to this clause. If an adjustment is required to be made under this clause as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the full amount of the distribution.

- we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the closing sale price per



share of common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

To the extent that we adopt a rights plan during the term of the debentures, you will receive, upon conversion of your debentures, in addition to the common stock, the rights under the rights plan unless, prior to the conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from the common stock, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of our capital stock, evidences of indebtedness or assets as described under the fourth bullet point above, subject to readjustment in the event of the subsequent expiration, termination or redemption of such rights.

In the event of:

- any reclassification of our common stock;
- a consolidation, merger or combination involving us; or
- a sale or conveyance to another person or entity of all or substantially all of our property and assets;

in which holders of our common stock would be entitled to receive stock, other securities, other property, assets or cash for their common stock, upon conversion of your debentures you will be entitled to receive the same type of consideration which you would have been entitled to receive if you had converted the debentures into our common stock immediately prior to any of these events.

You may in certain situations be deemed to have received a distribution subject to United States federal income tax as a dividend in the event of any taxable distribution to holders of common stock or in certain other situations requiring a conversion rate adjustment. See "Material United States Federal Income Tax Considerations."

We may, from time to time, increase the conversion rate for a period of at least 20 days if our board of directors has made a determination that this increase would be in our best interests. Any such determination by our board will be conclusive. We would give holders at least 15 days' notice of any increase in the conversion rate. In addition, we may increase the conversion rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of common stock resulting from any stock or rights distribution. See "Material United States Federal Income Tax Considerations."

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate. Except as described above in this section, we will not adjust the conversion rate for any issuance of our common stock or convertible or exchangeable securities or rights to purchase our common stock or convertible or exchangeable securities.

Contingent Interest

Unless a remarketing reset event occurs, we will pay contingent interest to holders of the debentures during any three-month period from and including an interest payment date to but



excluding the next interest payment date, commencing with the three-month period beginning May 1, 2008, if (a) the average trading price of the debentures for a five trading day measurement period immediately preceding the first day of the applicable three-month period equals 120% or more of the accreted principal amount of the debentures and (b) the debentures are immediately convertible on the first day of such measurement period. The amount of contingent interest payable in any interest period will be equal to the fixed conversion rate in effect as of the first day of such interest period multiplied by the payment factor for such interest period. The payment factor for each interest period is set forth in the table below, subject to adjustment for any subdivisions, combinations or certain reclassifications of shares of our common stock.

<u>Interest Period Commencing</u>	<u>Payment Factor*</u>	<u>Interest Period Commencing</u>	<u>Payment Factor*</u>
May 1, 2008	\$0.44	August 1, 2017	\$0.68
August 1, 2008	0.44	November 1, 2017	0.68
November 1, 2008	0.44	February 1, 2018	0.70
February 1, 2009	0.46	May 1, 2018	0.70
May 1, 2009	0.46	August 1, 2018	0.70
August 1, 2009	0.46	November 1, 2018	0.72
November 1, 2009	0.48	February 1, 2019	0.72
February 1, 2010	0.48	May 1, 2019	0.72
May 1, 2010	0.48	August 1, 2019	0.74
August 1, 2010	0.50	November 1, 2019	0.74
November 1, 2010	0.50	February 1, 2020	0.74
February 1, 2011	0.50	May 1, 2020	0.76
May 1, 2011	0.52	August 1, 2020	0.76
August 1, 2011	0.52	November 1, 2020	0.76
November 1, 2011	0.52	February 1, 2021	0.78
February 1, 2012	0.54	May 1, 2021	0.78
May 1, 2012	0.54	August 1, 2021	0.78
August 1, 2012	0.54	November 1, 2021	0.80
November 1, 2012	0.56	February 1, 2022	0.80
February 1, 2013	0.56	May 1, 2022	0.80
May 1, 2013	0.56	August 1, 2022	0.82
August 1, 2013	0.58	November 1, 2022	0.82
November 1, 2013	0.58	February 1, 2023	0.82
February 1, 2014	0.58	May 1, 2023	0.84
May 1, 2014	0.60	August 1, 2023	0.84
August 1, 2014	0.60	November 1, 2023	0.84
November 1, 2014	0.60	February 1, 2024	0.86
February 1, 2015	0.62	May 1, 2024	0.86
May 1, 2015	0.62	August 1, 2024	0.86
August 1, 2015	0.62	November 1, 2024	0.88
November 1, 2015	0.64	February 1, 2025	0.88
February 1, 2016	0.64	May 1, 2025	0.88
May 1, 2016	0.64	August 1, 2025	0.90
August 1, 2016	0.66	November 1, 2025	0.90
November 1, 2016	0.66	February 1, 2026	0.90
February 1, 2017	0.66	May 1, 2026	0.92
May 1, 2017	0.68	August 1, 2026	0.92



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Interest Period Commencing	Payment Factor*	Interest Period Commencing	Payment Factor*
November 1, 2026	\$0.92	February 1, 2030	\$1.02
February 1, 2027	0.94	May 1, 2030	1.02
May 1, 2027	0.94	August 1, 2030	1.02
August 1, 2027	0.94	November 1, 2030	1.04
November 1, 2027	0.96	February 1, 2031	1.04
February 1, 2028	0.96	May 1, 2031	1.04
May 1, 2028	0.96	August 1, 2031	1.06
August 1, 2028	0.98	November 1, 2031	1.06
November 1, 2028	0.98	February 1, 2032	1.06
February 1, 2029	0.98	May 1, 2032	1.08
May 1, 2029	1.00	August 1, 2032	1.08
August 1, 2029	1.00	November 1, 2032	1.08
November 1, 2029	1.00	February 1, 2033	1.10

* Assumes no adjustment to the payment factor.

Unless a remarketing reset event occurs, if (a) the average trading price of the debentures for a five trading day measurement period immediately preceding the first day of the applicable three-month period equals 200% or more of the accreted principal amount of the debentures and (b) the debentures are immediately convertible on the first day of such measurement period, we will pay additional contingent interest for any applicable three-month period in an amount equal to .0625% of the average trading price of a debenture for the five trading day measurement period.

Contingent interest and additional contingent interest, if any, will accrue from the first day of any interest period and be payable on the interest payment date at the end of the relevant three-month period to holders of the debentures as of the record date relating to such interest payment dates.

Upon determination that debenture holders will be entitled to receive contingent interest during a relevant three-month period, we will issue a press release and publish such information on our website on the World Wide Web as soon as practicable.

Remarketing Reset Event

If the average of the closing sale prices of our common stock over the five trading day period ending on the trading day immediately preceding May 1 of 2008, 2013, 2018, 2023 or 2028, each a remarketing reset event date, is less than the effective conversion price, which we refer to as a remarketing reset event, then following such remarketing reset event date, we will not thereafter pay regular cash interest or contingent interest on the debentures; the debentures will no longer be convertible into our common stock; a holder of debentures will not have the right to require us to repurchase the debentures under certain circumstances; and the yield on the debentures will be reset on such remarketing reset event date and annually on each May 1 thereafter prior to maturity, each a remarketing reset date. The yield on the debentures on each remarketing reset date will be the yield to the next remarketing reset date such that the proceeds from the remarketing of the debentures, net of any remarketing fee, will be 100% of their accreted principal amount; *provided* that the yield will not be reset to less than 0% per annum. If a remarketing reset event occurs, from and after the applicable remarketing reset event date, the principal amount of the debentures will accrete daily at the reset yield until the next remarketing reset date.

Each holder of debentures will have the right to elect to have such debentures remarketed on any remarketing reset date. In order to elect to participate in a remarketing on any remarketing reset



event date, holders must notify the paying agent on or prior to the business day prior to any remarketing reset event date of the number of debentures they wish to have remarketed if a remarketing reset event occurs on the remarketing reset event date. Following a remarketing reset event, a holder must elect to participate in any subsequent remarketing by notice to the paying agent on or prior to the business day prior to the applicable remarketing reset date.

We will appoint a remarketing agent and enter into a remarketing agreement at least 30 calendar days prior to any remarketing reset date. We will covenant in the indenture to use our reasonable best efforts to effect the remarketing of the debentures as described in this offering memorandum. If in the judgment of our counsel or counsel to the remarketing agent a registration statement is required to effect the remarketing of the debentures, we will use reasonable best efforts to ensure that a registration statement covering the full accreted principal amount of debentures to be remarketed on any remarketing reset date will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process or effect such remarketing pursuant to Rule 144A under the Securities Act or any other applicable exemption from registration requirements.

The remarketing agent will deduct its fee from the proceeds of any remarketing and remit the remaining proceeds, which shall be at least 100% of the accreted principal amount of the debentures remarketed, to the holders of debentures participating in such remarketing as promptly as possible following the applicable remarketing reset date.

We will request, not later than 20 business days prior to the date by which holders must elect to participate in any remarketing, that the depositary notify its participants holding debentures of the potential remarketing and their right to require us to purchase their debentures if such remarketing is not successful, the procedures a holder must follow to elect to participate in the remarketing and the date by which such election must be made and we will issue a press release and publish such information on our website on the World Wide Web.

If a remarketing of the debentures is required on any remarketing reset date but the remarketing is not successful, each holder of debentures will have the right to require us on such remarketing reset date to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. Each holder must notify the paying agent on or prior to the business day immediately preceding the related remarketing reset event date and each subsequent remarketing reset date of the number of debentures it wants us to purchase on such remarketing reset date in the event of a failed remarketing. Holders who have elected to remarket debentures will be deemed to exercise this purchase right with respect to all such debentures. We will deliver payment for such repurchase as promptly as possible following the applicable remarketing reset date.

If no holders elect to participate in any remarketing or the debentures are not successfully remarketed in any remarketing, the yield to maturity of the debentures will be reset to the rate necessary, in the judgment of the remarketing agent based on bids from at least three independent nationally recognized securities dealers selected by the remarketing agent, for the debentures to trade at a price equal to 100% of their accreted principal amount. If the remarketing agent is not able to obtain bids from at least three independent nationally recognized securities dealers on a remarketing reset date, the reset rate shall be the reset rate in effect prior to such remarketing, or if no reset rate has previously been determined, the regular interest rate or yield in effect for the debentures immediately prior to the applicable remarketing reset event date.



If holders elect to remarket less than \$50 million aggregate original principal amount of debentures on any remarketing reset date, no remarketing will take place on such date and the yield to maturity of the debentures will be reset as described above. In addition, holders who elected to have debentures remarketed, but only those holders, will have the right, which will be deemed to be exercised, to require us to purchase such debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Redemption of Debentures at Our Option

Prior to May 5, 2008, the debentures will not be redeemable at our option. Unless a remarketing reset event occurs, beginning on May 5, 2008 and thereafter we may redeem the debentures for cash at any time as a whole, or from time to time in part. If a remarketing reset event occurs, the debentures will not thereafter be redeemable at our option. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date, plus accrued and unpaid interest, if any, to, but excluding, such date. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption.

If we decide to redeem fewer than all of the outstanding debentures, the trustee may select the debentures by lot, pro rata, or by another method the trustee considers fair and appropriate. If the trustee selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be the portion selected for redemption.

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until May 1, 2008 will be 0% per annum and, unless a remarketing reset event occurs, commencing on May 1, 2008 will be reset quarterly on each LIBOR reset date to a rate of 3-month LIBOR minus .25% per annum. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum. Because the redemption price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the redemption price cannot be determined at this time. The following table indicates what the redemption prices would be on each date below if the yield on the debentures was a constant 2.00%, 5.00% and 8.00% from May 1, 2008. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the debentures will fluctuate, any increases in accreted principal amount and redemption prices will differ, and may differ significantly, from the results below. The redemption price of a debenture redeemed between the dates below would include an additional amount reflecting the additional yield accrued and accrued contingent interest, if any, since the next preceding date in the table.



Redemption Dates	Assuming 2.00% Yield			Assuming 5.00% Yield			Assuming 8.00% Yield		
	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1) + (2)	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1) + (2)	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1) + (2)
May 1, 2008	\$1,000.00	\$ 0.00	\$1,000.00	\$1,000.00	\$ 0.00	\$1,000.00	\$1,000.00	\$0.00	\$1,000.00
May 1, 2009	1,000.00	20.43	1,020.43	1,000.00	51.67	1,051.67	1,000.00	83.61	1,083.61
May 1, 2010	1,000.00	41.28	1,041.28	1,000.00	106.00	1,106.00	1,000.00	174.21	1,174.21
May 1, 2011	1,000.00	62.56	1,062.56	1,000.00	163.14	1,163.14	1,000.00	272.39	1,272.39
May 1, 2012	1,000.00	84.33	1,084.33	1,000.00	223.41	1,223.41	1,000.00	379.08	1,379.08
May 1, 2013	1,000.00	106.48	1,106.48	1,000.00	286.62	1,286.62	1,000.00	494.39	1,494.39
May 1, 2014	1,000.00	129.09	1,129.09	1,000.00	353.09	1,353.09	1,000.00	619.33	1,619.33
May 1, 2015	1,000.00	152.16	1,152.16	1,000.00	423.00	1,423.00	1,000.00	754.73	1,754.73
May 1, 2016	1,000.00	175.77	1,175.77	1,000.00	496.73	1,496.73	1,000.00	901.86	1,901.86
May 1, 2017	1,000.00	199.79	1,199.79	1,000.00	574.06	1,574.06	1,000.00	1,060.88	2,060.88
May 1, 2018	1,000.00	224.31	1,224.31	1,000.00	655.38	1,655.38	1,000.00	1,233.19	2,233.19
May 1, 2019	1,000.00	249.32	1,249.32	1,000.00	740.91	1,740.91	1,000.00	1,419.91	2,419.91
May 1, 2020	1,000.00	274.92	1,274.92	1,000.00	831.11	1,831.11	1,000.00	1,622.81	2,622.81
May 1, 2021	1,000.00	300.97	1,300.97	1,000.00	925.71	1,925.71	1,000.00	1,842.11	2,842.11
May 1, 2022	1,000.00	327.55	1,327.55	1,000.00	1,025.21	2,025.21	1,000.00	2,079.75	3,079.75
May 1, 2023	1,000.00	354.68	1,354.68	1,000.00	1,129.84	2,129.84	1,000.00	2,337.25	3,337.25
May 1, 2024	1,000.00	382.43	1,382.43	1,000.00	1,240.19	2,240.19	1,000.00	2,617.07	3,617.07
May 1, 2025	1,000.00	410.68	1,410.68	1,000.00	1,355.94	2,355.94	1,000.00	2,919.50	3,919.50
May 1, 2026	1,000.00	439.50	1,439.50	1,000.00	1,477.66	2,477.66	1,000.00	3,247.21	4,247.21
May 1, 2027	1,000.00	468.92	1,468.92	1,000.00	1,605.67	2,605.67	1,000.00	3,602.33	4,602.33
May 1, 2028	1,000.00	499.01	1,499.01	1,000.00	1,740.67	2,740.67	1,000.00	3,988.22	4,988.22
May 1, 2029	1,000.00	529.64	1,529.64	1,000.00	1,882.27	2,882.27	1,000.00	4,405.30	5,405.30
May 1, 2030	1,000.00	560.90	1,560.90	1,000.00	2,031.19	3,031.19	1,000.00	4,857.24	5,857.24
May 1, 2031	1,000.00	592.79	1,592.79	1,000.00	2,187.80	3,187.80	1,000.00	5,346.98	6,346.98
May 1, 2032	1,000.00	625.42	1,625.42	1,000.00	2,352.96	3,352.96	1,000.00	5,879.16	6,879.16
May 1, 2033	1,000.00	658.64	1,658.64	1,000.00	2,526.19	3,526.19	1,000.00	6,454.33	7,454.33

Purchase of Debentures by Us at the Option of Holder

Unless a remarketing reset event occurs, you have the right to require us to purchase all or a portion of your debentures on May 1, 2008, 2013, 2018, 2023 or 2028, if the debentures are not convertible into our common stock on such date. We will be required to purchase for cash, at a purchase price equal to 100% of the accreted principal amount thereof on the applicable purchase date plus accrued and unpaid interest, if any, to, but excluding, such purchase date, any outstanding debenture for which a written purchase notice has been properly delivered by the holder to the paying agent and not withdrawn, subject to certain additional conditions. We may also add additional dates on which you may require us to purchase all or a portion of your debentures. However, we cannot assure you that we will add any purchase dates. You may submit your debentures for purchase to the paying agent at any time from the opening of business on the date that is 21 business days prior to the purchase date until the close of business on the business day immediately preceding the purchase date. Our ability to satisfy our purchase obligations may be affected by the factors described in "Risk Factors" under the heading "We may not have the ability to raise the funds necessary to finance the purchase of the debentures if required by holders pursuant to the indenture."

We will be required to give notice on a date not less than 21 business days prior to each purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things, the procedures that holders must follow to require us to purchase their debentures.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the purchase date. Your purchase notice electing to require us to purchase your debentures must state:



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- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;
- the number of debentures to be purchased; and
- that we are to purchase the debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day immediately preceding the purchase date. The notice of withdrawal must state:

- the number of withdrawn debentures;
- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, such information as may be required under applicable DTC procedures; and
- the number, if any, of debentures that remain subject to your purchase notice.

Payment of the purchase price for a debenture for which a purchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the debenture, together with necessary endorsements, to the paying agent at its corporate trust office in Minneapolis, Minnesota, or any other office of the paying agent, at any time after delivery of the purchase notice. Payment of the purchase price for the debenture will be made promptly following the later of the purchase date and the time of book-entry transfer or delivery of the debenture. If the paying agent holds money sufficient to pay the purchase price of the debenture on the business day following the purchase date, then, on and after the date:

- the debenture will cease to be outstanding;
- interest and principal accretion on the debenture will cease to accrue; and
- all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debenture has been made or the debenture has been delivered to the paying agent, and all other rights of the holder will terminate, other than the right to receive the purchase price upon delivery of the debenture.

We may be unable to purchase the debentures in the event you elect to require us to purchase your debentures as set forth above. If you elect to require us to purchase your debentures as set forth above, we may not have enough funds to pay the purchase price for all tendered debentures. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the debentures under certain circumstances. If you elect to require us to purchase your debentures as set forth above at a time when we are prohibited from repurchasing debentures, we could seek the consent of our lenders to purchase the debentures or attempt to refinance this debt. If we do not obtain consent, we would not be permitted to purchase the debentures. Our failure to purchase tendered debentures would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

Change in Control Permits Purchase of Debentures by Us at the Option of the Holder

If a change in control occurs before May 1, 2033, unless a remarketing reset event has occurred, you will have the right, at your option, subject to the terms and conditions of the indenture, to



require us to purchase for cash any or all of your debentures. We will purchase the debentures at a price equal to 100% of the accreted principal amount of the debentures to be purchased plus any accrued and unpaid interest to, but excluding, the change in control purchase date, unless such change in control purchase date falls after a record date and on or prior to the corresponding interest payment date, in which case we will pay the full amount of accrued and unpaid interest payable on such interest payment date to the holder of record at the close of business on the corresponding record date. We will be required to purchase the debentures as of the date that is not less than 20 nor more than 35 business days after the occurrence of such change in control, which we refer to as a change in control purchase date.

Under the indenture, a change in control of Wells Fargo is deemed to have occurred at such time as:

- any person, including its affiliates and associates, other than Wells Fargo, its subsidiaries or their employee benefit plans, files a Schedule 13D or 14D-1 (or any successor schedule, form or report under the Exchange Act) disclosing that such person has become the beneficial owner of 50% or more of the voting power of our common stock or other capital stock into which the common stock is reclassified or changed, with certain exceptions; or
- there shall be consummated any consolidation or merger of Wells Fargo pursuant to which our common stock would be converted into cash, securities or other property, in each case other than a consolidation or merger of Wells Fargo in which the holders of the shares of our common stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all classes of capital stock of the continuing or surviving corporation immediately after the consolidation or merger.

Within 15 business days after the occurrence of a change in control, we are obligated to mail to the trustee and to all holders of debentures at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law a notice regarding the change in control, stating, among other things:

- the events causing a change in control;
- the date of such change in control;
- the last date on which the purchase right may be exercised;
- the change in control purchase price;
- the change in control purchase date;
- the name and address of the paying agent and the conversion agent;
- the conversion rate and any adjustments to the conversion rate;
- that debentures with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the debentures and the indenture; and
- the procedures that holders must follow to exercise these rights.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the business day immediately before the change in control purchase date. The required purchase notice upon a change in control must state:



- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;
- the number of debentures to be purchased; and
- that we are to purchase such debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any change in control purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day before the change in control purchase date. The notice of withdrawal must state:

- the number of the withdrawn debentures;
- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures; and
- the number, if any, of debentures that remain subject to your change in control purchase notice.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the change in control purchase notice to receive payment of the change in control purchase price. You will receive payment in cash on the later of the change in control purchase date or the time of book-entry transfer or the delivery of the debentures. If the paying agent holds money or securities sufficient to pay the change in control purchase price of the debentures on the business day following the change in control purchase date, then, immediately after the change in control purchase date:

- the debentures will cease to be outstanding;
- interest will cease to accrue; and
- all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debentures is made or whether or not the debentures are delivered to the paying agent.

The change in control purchase feature of the debentures may in certain circumstances make more difficult or discourage a takeover of Wells Fargo. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

- to accumulate shares of common stock;
- to obtain control of Wells Fargo by means of a merger, tender offer, solicitation or otherwise; or
- by management to adopt a series of anti-takeover provisions.

Instead, the terms of the change in control purchase feature resulted from negotiations between the initial purchasers and us.

We could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the debentures but that would increase the amount of our (or our subsidiaries') outstanding indebtedness.



No debentures may be purchased by us at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the debentures, other than a default in the payment of the change in control purchase price with respect to the debentures.

We may be unable to purchase the debentures in the event of a change in control. If a change in control were to occur, we may not have enough funds to pay the purchase price for all tendered debentures. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the debentures under certain circumstances, or expressly prohibit our purchase of the debentures upon a change in control or may provide that a change in control constitutes an event of default under that agreement. If a change in control occurs at a time when we are prohibited from purchasing debentures, we could seek the consent of our lenders to purchase the debentures or attempt to refinance this debt. If we do not obtain consent, we would not be permitted to purchase the debentures. Our failure to purchase tendered debentures would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

Covenants

Except as otherwise set forth in the next sentence, the indenture:

- prohibits us and our subsidiaries from selling, pledging, assigning or otherwise disposing of shares of capital stock, or securities convertible into capital stock, of any principal subsidiary bank or of any subsidiary owning, directly or indirectly, any capital stock of a principal subsidiary bank; and
- prohibits any principal subsidiary bank from issuing any shares of its capital stock or securities convertible into its capital stock.

This restriction does not apply to:

- sales, pledges, assignments or other dispositions or issuances of directors' qualifying shares;
- sales, pledges, assignments or other dispositions or issuances, so long as, after giving effect to the disposition and to the issuance of any shares issuable upon conversion or exchange of securities convertible or exchangeable into capital stock, we would own directly or through one or more of our subsidiaries not less than 80% of the shares of each class of capital stock of the applicable principal subsidiary bank;
- sales, pledges, assignments or other dispositions or issuances made in compliance with an order or direction of a court or regulatory authority of competent jurisdiction; or
- sales of capital stock by any principal subsidiary bank to its stockholders so long as before the sale we own directly or indirectly shares of the same class and the sale does not reduce the percentage of the shares of that class of capital stock owned by us.

When we use the term "subsidiary" in this section, we mean any corporation of which we own more than 50% of the outstanding shares of voting stock, except for directors' qualifying shares, directly or through one or more of our other subsidiaries. Voting stock is stock that is entitled in the ordinary course to vote for the election of a majority of the directors of a corporation and does not include stock that is entitled to so vote only as a result of the happening of certain events.



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When we use the term “principal subsidiary bank” above, we mean any commercial bank or trust company organized in the United States under Federal or state law of which we own at least a majority of the shares of voting stock directly or through one or more of our subsidiaries if such commercial bank or trust company has total assets, as set forth in its most recent statement of condition, equal to more than 10% of our total consolidated assets, as set forth in our most recent financial statements filed with the SEC under the Exchange Act. As of the date hereof, our principal subsidiary banks are Wells Fargo Bank Minnesota, National Association, and Wells Fargo Bank, National Association.

The indenture does not contain restrictions on our ability to:

- incur, assume or become liable for any type of debt or other obligation;
- create liens on our property for any purpose; or
- pay dividends or make distributions on our capital stock or repurchase or redeem our capital stock.

The indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity.

Consolidation, Merger, Sale or Conveyance

We may not consolidate with or merge into any other person or convey, transfer or lease our properties and assets substantially as an entirety to any person, unless:

- we are the surviving corporation or the successor is a U.S. domestic corporation, limited liability company, partnership, trust or other entity, and expressly assumes our obligations on the debentures and under the indenture,
- immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing, and
- we have delivered to the trustee an officers’ certificate and an opinion of counsel each stating that such transaction complies with these requirements.

When such a person assumes our obligations in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the debentures and the indenture.

Events of Default; Waiver and Notice

The indenture defines an event of default as one or more of the following:

- (1) default in payment of the accreted principal amount, redemption price, purchase price or change in control purchase price with respect to any debenture when such payment becomes due and payable;
- (2) default for 30 days in payment of any interest (including contingent interest and liquidated damages, if any) on the debentures;
- (3) failure by Wells Fargo to perform any of the covenants regarding capital stock of principal subsidiary banks described above under “—Covenants”;
- (4) failure by Wells Fargo to comply with any of its other agreements in the debentures or the indenture upon receipt by Wells Fargo of written notice of such default by the trustee or by



holders of not less than 25% in aggregate original principal amount of the debentures then outstanding and Wells Fargo's failure to cure (or obtain a waiver of) such default within 90 days after receipt by Wells Fargo of such notice;

- (5) certain events of bankruptcy, insolvency or reorganization of Wells Fargo.

If an event of default, other than an event of default described in clause (5) above, shall have happened and be continuing, either the trustee or the holders of not less than 25% in aggregate original principal amount of the debentures then outstanding may declare the accreted principal amount of the debentures as of the date of such declaration plus accrued interest (including contingent interest, if any) through the date of such declaration to be immediately due and payable. If an event of default described in clause (5) above shall occur, the accreted principal amount of the debentures as of the date on which such event occurs plus accrued interest (including contingent interest, if any) through the date on which such event occurs shall automatically become and be immediately due and payable. After acceleration, the holders of a majority in aggregate original principal amount of the debentures may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal or other specified amount, have been cured or waived.

Prior to the declaration of the acceleration of the debentures, the holders of a majority in aggregate original principal amount of the debentures may waive, on behalf of all of the holders of the debentures, any default and its consequences, except an event of default described in paragraphs (1) or (2) above, a default in respect of a provision that cannot be amended without the consent of all of the holders of the debentures or a default that constitutes a failure to convert any debentures into shares of common stock. Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders shall have offered to the trustee reasonable indemnity. Generally, the holders of a majority in aggregate original principal amount of the debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will not have any right to institute any proceeding under the indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the indenture, unless:

- (1) the holder has previously given to the trustee written notice of a continuing event of default with respect to the debentures;
- (2) the holders of a least 25% in aggregate original principal amount of the debentures have made a written request and have offered reasonable indemnity to the trustee to institute the proceeding;
- (3) such holder or holders offer to the trustee security or indemnity satisfactory to the trustee against any loss, liability or expense; and
- (4) the trustee has failed to institute the proceeding and has not received direction inconsistent with the original request from the holders of a majority in aggregate original principal amount of the debentures within 60 days after the original request.

Holders may, however, sue to enforce the payment of the accreted principal amount, accrued and unpaid interest (including contingent interest, if any), redemption price, purchase price or change in control purchase price with respect to any debenture on or after the due date or to enforce the right, if any, to convert any debenture without following the procedures listed in (1) through (3) above.



We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

Modification of the Indenture

We and the trustee may, without the consent of the holders of the debentures, enter into supplemental indentures for, among others, one or more of the following purposes:

- to evidence the succession of another corporation to our company, and the assumption by such successor of our obligations under the indenture and the debentures;
- to add to our covenants, or surrender any of our rights, or add any rights for the benefit of the holders of debentures;
- to cure any ambiguity, omission, defect or inconsistency in the indenture, to correct or supplement any provision in the indenture, or to make any other provisions with respect to matters or questions arising under the indenture, so long as the interests of holders of debentures are not adversely affected in any material respect under the indenture;
- to evidence and provide for the acceptance of any successor trustee with respect to the debentures or to facilitate the administration of the trust thereunder by the trustee in accordance with such indenture; and
- to provide any additional events of default;

provided that any amendment described in the third bullet point above made solely to conform the provisions of the indenture to the description of the debentures contained in this offering memorandum will not be deemed to adversely affect the interests of holders of the debentures.

With certain exceptions, the indenture or the rights of the holders of the debentures may be modified by us and the trustee with the consent of the holders of a majority in aggregate original principal amount of the debentures then outstanding, but no such modification may be made without the consent of the holder of each outstanding debenture affected thereby that would:

- change the maturity of any payment of principal of or any installment of interest on any debenture (including the payment of contingent interest, if any), or
- reduce the original principal amount or accreted principal amount thereof, or
- alter the manner or rate of accretion of principal or the manner or rate of accrual of interest (including contingent interest and liquidated damages), or
- change any place of payment where, or the coin or currency in which, any debenture or interest (including the payment of contingent interest or liquidated damages, if any) thereon is payable, or
- impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof (or, in the case of redemption or repurchase, on or after the redemption date or the purchase date, as the case may be), or
- adversely affect the conversion, remarketing or repurchase provisions in the indenture, or
- reduce the quorum or voting requirements under the indenture, or
- reduce the percentage in original principal amount of the outstanding debentures, the consent of whose holders is required for any such modification, or the consent of whose



holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

- modify any of the provisions of certain sections of the indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debenture affected thereby.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding debentures or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the debentures have become due and payable, whether at stated maturity, or any redemption date, or upon conversion or otherwise, cash or common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding debentures and paying all other sums payable by us under the indenture.

Governing Law

The indenture and the debentures will be governed by and construed in accordance with the laws of the State of New York.

Book-Entry System

The debentures will be represented by one or more global securities. Each global security will be deposited with, or on behalf of, DTC and be registered in the name of a nominee of DTC. Except under circumstances described below, the debentures will not be issued in definitive form. Upon the issuance of a global security, DTC will credit on its book-entry registration and transfer system the accounts of persons designated by the initial purchasers with the respective principal amounts of the debentures represented by the global security. Ownership of beneficial interests in a global security will be limited to persons that have accounts with DTC or its nominee ("participants") or persons that may hold interests through participants. Owners of beneficial interests in the debentures represented by the global securities will hold their interests pursuant to the procedures and practices of DTC. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the debentures represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debentures represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of debentures in definitive form and will not be considered the owners or holders thereof under the indenture. Beneficial owners will not be holders and will not be entitled to any rights provided to the holders of debentures under the global securities or the indenture. Principal and interest payments, if any, on debentures registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be,



as the registered owner of the relevant global security. Neither we, the trustee, any paying agent or the registrar for the debentures will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, if any, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participants.

If we redeem less than all of the global security, we have been advised that it is DTC's practice to determine by lot the amount of the interest of each participant in the global security to be redeemed.

If DTC is at any time unwilling or unable to continue as a depositary and a successor depositary is not appointed by us within 90 days or if an event of default shall occur under the indenture, we will issue debentures in definitive form in exchange for the entire global security for the debentures. In addition, we may at any time and in our sole discretion determine not to have debentures represented by a global security and, in such event, will issue debentures in definitive form in exchange for the entire global security relating to such debentures. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of debentures represented by such global security equal in principal amount to such beneficial interest and to have such debentures registered in its name. Debentures so issued in definitive form will be issued as registered debentures in denominations of \$1,000 original principal amount and integral multiples thereof, unless otherwise specified by us.

Registration Rights

We will enter into a registration rights agreement with the initial purchasers pursuant to which we will, at our expense, for the benefit of the holders, file with the SEC a shelf registration statement covering resale of the debentures and the shares of our common stock issuable upon conversion of the debentures within 120 days after the date of original issuance of the debentures. We will use reasonable efforts to cause the shelf registration statement to become effective within 180 days of such date of original issuance, and to keep the shelf registration statement effective until the earlier of (i) the sale pursuant to Rule 144 under the Securities Act or the shelf registration statement of all the securities registered thereunder, and (ii) the expiration of the holding period applicable to such securities held by persons that are not affiliates of ours under Rule 144(k) under the Securities Act or any successor provision, subject to permitted exceptions.

We may suspend the use of the prospectus under certain circumstances relating to pending corporate developments, public filings with the SEC and similar events. Any suspension period shall not exceed an aggregate of 90 days for all periods in any 12-month period.

We will pay predetermined liquidated damages as described herein ("liquidated damages") to holders of transfer restricted debentures, if a shelf registration statement is not timely filed or declared



effective or if the prospectus is unavailable for periods in excess of those permitted above. Such liquidated damages shall accrue until such failure to file or become effective or unavailability is cured:

- on the debentures at an annual rate equal to 0.25% for the first 90-day period after the occurrence of such event and 0.5% thereafter of the aggregate principal amount of the debentures outstanding; and
- on the common stock that has been issued on conversion of the debentures, at an annual rate per share equal to 0.25% for the first 90-day period after the occurrence of such event and 0.5% thereafter of an amount equal to \$1,000 divided by the conversion rate in effect on the first day of any such period.

So long as the failure to file or become effective or unavailability continues, we will pay liquidated damages in cash on each interest payment date for the debentures to the holder of record on the record date immediately preceding the applicable interest payment date. When such registration default is cured, accrued and unpaid liquidated damages will be paid in cash to the record holder as of the date of such cure.

A holder who sells debentures or shares of our common stock issued upon conversion of the debentures pursuant to the shelf registration statement generally will be required to:

- be named as a selling securityholder in the related prospectus,
- deliver a prospectus to purchasers and
- be bound by certain provisions of the registration rights agreement that are applicable to such holder, including certain indemnification provisions, and will be subject to certain civil liability provisions under the Securities Act.

Under the registration rights agreement we will:

- provide copies of such prospectus to each holder that has notified us of its acquisition of debentures or shares of our common stock issued upon conversion of the debentures,
- notify each such holder when the shelf registration statement has become effective and
- take certain other actions as are required to permit, subject to the foregoing, unrestricted resales of the debentures and the shares of our common stock issued upon conversion of the debentures.

We will agree in the registration rights agreement to give notice to all holders of the filing and effectiveness of the shelf registration statement by release made to Reuters Economic Services and Bloomberg Business News or other reasonable means of distribution. Attached to this offering memorandum as Annex A is a form of notice and questionnaire (the "questionnaire") to be completed and delivered by a holder to us prior to any intended distribution of debentures or shares of our common stock issuable upon conversion of the debentures pursuant to the shelf registration statement. Holders are required to complete and deliver the questionnaire at least ten business days prior to the effectiveness of the shelf registration statement in order to be named as a selling security holder in the related prospectus at the time of effectiveness. Upon receipt of a completed questionnaire after that time, together with such other information as we may reasonably request from a holder, we will, within ten business days, file such amendments to the shelf registration statement or supplements to a related



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prospectus as are necessary to permit such holder to deliver such prospectus to purchasers of debentures or shares of our common stock issuable upon conversion of the debentures, subject to our right to suspend the use of the prospectus as described above. We will pay the predetermined liquidated damages described above to the holder if we fail to make the filing in the time required or, if such filing is a post-effective amendment to the shelf registration statement required to be declared effective under the Securities Act, if such amendment is not declared effective within 45 days of the filing. Any holder that does not complete and deliver a questionnaire or provide such other information will not be named as a selling security holder in the prospectus and therefore will not be permitted to sell the debentures or shares of our common stock issuable upon conversion of the debentures pursuant to the shelf registration statement.

In no event may the method of distribution of the debentures or shares of our common stock take the form of an underwritten offering without our prior agreement.

The summary herein of certain provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available from us upon request.



DESCRIPTION OF CAPITAL STOCK

The following is a summary of information concerning our capital stock, and a brief description of provisions contained in our restated certificate of incorporation, as amended, including certificates of designations for our preferred stock, and our bylaws. The summaries and descriptions below do not purport to be complete statements of these provisions and are entirely qualified by these documents, which you must read for complete information on our capital stock.

Common Stock

Shares Outstanding. As of December 31, 2002, our authorized common stock was 6,000,000,000 shares. From these authorized shares, we had issued 1,736,381,025 shares, of which 1,685,906,507 shares were outstanding and 50,474,518 shares were held as treasury shares.

Dividends. Holders of common stock may receive dividends when declared by our board of directors out of our funds that we can legally use to pay dividends. We may pay dividends in cash, stock or other property. In certain cases, holders of common stock may not receive dividends until we have satisfied our obligations to any holders of outstanding preferred stock. Other restrictions on our ability to pay dividends are described below under “—Restrictions on Payment of Dividends” and “Preferred Stock.”

Voting Rights. Holders of common stock have the exclusive power to vote on all matters presented to our stockholders unless Delaware law or the certificate of designation for an outstanding series of preferred stock gives the holders of that preferred stock the right to vote on certain matters. Each holder of common stock is entitled to one vote per share. Holders of common stock have no cumulative voting rights for the election of directors. This means a holder of a single share of common stock cannot cast more than one vote for each position to be filled on our board of directors. It also means the holders of a majority of the shares of common stock entitled to vote in the election of directors can elect all directors standing for election and the holders of the remaining shares will not be able to elect any directors. Our board of directors is not classified.

Other Rights. If we voluntarily or involuntarily liquidate, dissolve or wind up our business, holders of common stock will receive pro rata, according to shares held by them, any of our remaining assets available for distribution to stockholders after we have provided for payment of all debts and other liabilities, including any liquidation preference for outstanding shares of preferred stock. When we issue securities in the future, holders of common stock have no preemptive rights. This means the holders of common stock have no right, as holders of common stock, to buy any portion of those issued securities. Holders of our common stock have no rights to have their shares of common stock redeemed by us or to convert their shares of common stock into shares of any other class of our capital stock.

Listing. Our outstanding shares of common stock are listed on the New York Stock Exchange and Chicago Stock Exchange under the symbol “WFC.” Wells Fargo Bank Minnesota, N.A. serves as the transfer agent and registrar for the common stock.

Fully Paid. The outstanding shares of common stock are fully paid and nonassessable. This means the full purchase price for the outstanding shares of common stock has been paid and the



holders of such shares will not be assessed any additional amounts for such shares. Any additional common stock that we may issue in the future upon the conversion of the debentures will also be fully paid and nonassessable.

Restrictions on Payment of Dividends

We are incorporated in Delaware and are governed by the Delaware General Corporation Law. Delaware law allows a corporation to pay dividends only out of surplus, as determined under Delaware law, or, if there is no surplus, out of net profits for the fiscal year in which the dividend was declared and for the preceding fiscal year. However, under Delaware law, we cannot pay dividends out of net profits if, after we pay the dividend, our capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of our assets.

As a bank holding company, our ability to pay dividends is affected by the ability of our bank and non-bank subsidiaries to pay dividends to us. Various federal laws limit the amount of dividends our national bank subsidiaries can pay to us without regulatory approval. State-chartered banks are subject to state regulations that limit dividends. Refer to our most recent annual report on Form 10-K for more information about restrictions on the ability of our subsidiaries to pay us dividends.

Restrictions on Ownership of Our Common Stock

The Bank Holding Company Act of 1956 requires any "bank holding company" (as defined in that Act) to obtain the approval of the Federal Reserve Board prior to acquiring 5% or more of our outstanding common stock. Any person other than a bank holding company is required to obtain prior approval of the Board of Governors of the Federal Reserve System to acquire 10% or more of our outstanding common stock under the Change in Bank Control Act. Any holder of 25% or more of our outstanding common stock (or a holder of 5% or more if that holder otherwise exercises a "controlling influence" over us), other than an individual, is subject to regulation as a bank holding company under the Bank Holding Company Act.

Anti-takeover Provisions Contained in the Certificate of Incorporation and Bylaws

Certain provisions of our restated certificate of incorporation, as amended, may make it less likely that our management would be changed or someone would acquire voting control of our company without our board's consent. These provisions may delay, deter or prevent tender offers or takeover attempts that stockholders may believe are in their best interests, including tender offers or attempts that might allow stockholders to receive premiums over the market price of their common stock.

Preferred Stock. Our board of directors can at any time, under our restated certificate of incorporation, as amended, and without stockholder approval, issue one or more new series of preferred stock. In some cases, the issuance of preferred stock without stockholder approval could discourage or make more difficult attempts to take control of our company through a merger, tender offer, proxy contest or otherwise. Preferred stock with special voting rights or other features issued to persons favoring our management could stop a takeover by preventing the person trying to take control of our company from acquiring enough voting shares necessary to take control.

Nomination Procedures. In addition to our board of directors, stockholders can nominate candidates for our board of directors. However, a stockholder must follow the advance notice



procedures described in Section 16 of our bylaws. In general, a stockholder must submit a written notice of the nomination to our corporate secretary at least 30 but not more than 60 days before a scheduled meeting of our stockholders.

Proposal Procedures. Stockholders can propose that business other than nominations to our board of directors be considered at an annual meeting of stockholders only if a stockholder follows the advance notice procedures described in our bylaws. In general, a stockholder must submit a written notice of the proposal and the stockholder's interest in the proposal to our corporate secretary at least 90 but not more than 120 days before the date set for the annual meeting of our stockholders.

Rights Plan. Although we do not have a stockholder rights plan (commonly referred to as a "poison pill") as of the date of this offering memorandum, under Delaware law, our board of directors can adopt such a plan without stockholder approval. If adopted, a stockholder rights plan could operate to cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

Amendment of Bylaws. Under our bylaws, our board of directors can adopt, amend or repeal the bylaws, subject to limitations under the Delaware General Corporation Law. Our stockholders also have the power to change or repeal our bylaws.

Preferred Stock

Pursuant to our restated certificate of incorporation, as amended, our board of directors has the authority, without further stockholder action, to issue a maximum of 24,000,000 shares of preferred stock, consisting of a maximum of 20,000,000 shares of preferred stock and a maximum of 4,000,000 shares of preference stock, including shares issued or reserved for issuance. As of December 31, 2002 we had 1,637,560 issued and outstanding shares of preferred stock. As of December 31, 2002, there were no shares of preference stock outstanding. The common stock issuable upon conversion of the debentures will be subject to any prior rights of the preferred stock then outstanding. Therefore, the rights of the outstanding preferred stock described below and any preferred stock that may be issued after the date hereof, may limit the rights of the holders of the common stock, including the payment of dividends. At December 31, 2002, we had outstanding:

- 3,043 shares of 1995 ESOP cumulative convertible preferred stock, which we refer to as our 1995 ESOP preferred stock;
- 5,407 shares of 1996 ESOP cumulative convertible preferred stock, which we refer to as our 1996 ESOP preferred stock;
- 5,876 shares of 1997 ESOP cumulative convertible preferred stock, which we refer to as our 1997 ESOP preferred stock;
- 5,095 shares of 1998 ESOP cumulative convertible preferred stock, which we refer to as our 1998 ESOP preferred stock;
- 13,222 shares of 1999 ESOP cumulative convertible preferred stock, which we refer to as our 1999 ESOP preferred stock;
- 34,742 shares of 2000 ESOP cumulative convertible preferred stock, which we refer to as our 2000 ESOP preferred stock;



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- 46,126 shares of 2001 ESOP cumulative convertible preferred stock, which we refer to as our 2001 ESOP preferred stock;
- 64,049 shares of 2002 ESOP cumulative convertible preferred stock, which we refer to as our 2002 ESOP preferred stock; and
- 1,460,000 shares of adjustable rate cumulative preferred stock, series B, which we refer to as our series B preferred stock.

In addition, on March 14, 2003, we established our 2003 ESOP cumulative convertible preferred stock, which we refer to as our 2003 ESOP preferred stock. The ESOP preferred stock listed above, together with the Series B preferred stock, is referred to herein as the outstanding preferred stock.

1995 ESOP Preferred Stock. The 1995 ESOP preferred stock has a stated value of \$1,000.00 per share. The 1995 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of 10% calculated as a percentage of stated value. All outstanding shares of 1995 ESOP preferred stock are held of record by a trustee acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to that plan, which we refer to as the Plan. The 1995 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 1995 ESOP preferred stock, as that term is used in the certificate of designations for the 1995 ESOP preferred stock, on the date fixed for redemption.

The 1995 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the then-applicable Conversion Price, as that term is used in the certificate of designations for our 1995 ESOP preferred stock, when:

- the 1995 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when a record ownership of the shares of 1995 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 1995 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 1995 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 1995 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 1995 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 1995 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 1995 ESOP preferred stock.

1996 ESOP Preferred Stock. The 1996 ESOP preferred stock has a stated value of \$1,000.00 per share. The 1996 ESOP preferred stock provides for cumulative quarterly dividends at the annual



rate of \$85.00, \$90.00 or \$95.00 based on the Current Market Price, as that term is used in the certificate of designations for the 1996 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 1996 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 1996 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 1996 ESOP preferred stock, as that term is used in the certificate of designations for the 1996 ESOP preferred stock, on the date fixed for redemption.

The 1996 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 1996 ESOP preferred stock, when:

- the 1996 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 1996 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 1996 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 1996 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 1996 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 1996 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 1996 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 1996 ESOP preferred stock.

1997 ESOP Preferred Stock. The 1997 ESOP preferred stock has a stated value of \$1,000.00 per share. The 1997 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$95.00, \$100.00 or \$105.00 based on the Current Market Price, as that term is used in the certificate of designations for the 1997 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 1997 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 1997 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 1997 ESOP preferred stock, as that term is used in the certificate of designations for the 1997 ESOP preferred stock, on the date fixed for redemption.



The 1997 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 1997 ESOP preferred stock, when:

- the 1997 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 1997 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 1997 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 1997 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 1997 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 1997 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 1997 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 1997 ESOP preferred stock.

1998 ESOP Preferred Stock. The 1998 ESOP preferred stock has a stated value of \$1,000.00 per share. The 1998 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$107.50, \$112.50 or \$117.50 based on the Current Market Price, as that term is used in the certificate of designations for the 1998 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 1998 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 1998 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 1998 ESOP preferred stock, as that term is used in the certificate of designations for the 1998 ESOP preferred stock, on the date fixed for redemption.

The 1998 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 1998 ESOP preferred stock, when:

- the 1998 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 1998 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 1998 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 1998 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.



In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 1998 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 1998 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 1998 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 1998 ESOP preferred stock.

1999 ESOP Preferred Stock. The 1999 ESOP preferred stock has a stated value of \$1,000.00 per share. The 1999 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$103.00, \$108.00 or \$113.00 based on the Current Market Price, as that term is used in the certificate of designations for the 1999 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 1999 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 1999 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 1999 ESOP preferred stock, as that term is used in the certificate of designations for the 1999 ESOP preferred stock, on the date fixed for redemption.

The 1999 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 1999 ESOP preferred stock, when:

- the 1999 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 1999 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 1999 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 1999 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 1999 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 1999 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 1999 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 1999 ESOP preferred stock.

2000 ESOP Preferred Stock. The 2000 ESOP preferred stock has a stated value of \$1,000.00 per share. The 2000 ESOP preferred stock provides for cumulative quarterly dividends at the annual



rate of \$115.00, \$120.00 or \$125.00 based on the Current Market Price, as that term is used in the certificate of designations for the 2000 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 2000 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 2000 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 2000 ESOP preferred stock, as that term is used in the certificate of designations for the 2000 ESOP preferred stock, on the date fixed for redemption.

The 2000 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 2000 ESOP preferred stock, when:

- the 2000 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 2000 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 2000 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 2000 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 2000 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 2000 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 2000 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 2000 ESOP preferred stock.

2001 ESOP Preferred Stock. The 2001 ESOP preferred stock has a stated value of \$1,000.00 per share. The 2001 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$105.00, \$110.00 or \$115.00 based on the Current Market Price, as that term is used in the certificate of designations for the 2001 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 2001 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 2001 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 2001 ESOP preferred stock, as that term is used in the certificate of designations for the 2001 ESOP preferred stock, on the date fixed for redemption.



The 2001 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 2001 ESOP preferred stock, when:

- the 2001 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 2001 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 2001 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 2001 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 2001 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 2001 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 2001 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 2001 ESOP preferred stock.

2002 ESOP Preferred Stock. The 2002 ESOP preferred stock has a stated value of \$1,000.00 per share. The 2002 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$105.00, \$110.00 or \$115.00 based on the Current Market Price, as that term is used in the certificate of designations for the 2002 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 2002 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 2002 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 2002 ESOP preferred stock, as that term is used in the certificate of designations for the 2002 ESOP preferred stock, on the date fixed for redemption.

The 2002 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 2002 ESOP preferred stock, when:

- the 2002 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 2002 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 2002 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 2002 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.



In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 2002 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 2002 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 2002 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 2002 ESOP preferred stock.

2003 ESOP Preferred Stock. The 2003 ESOP preferred stock has a stated value of \$1,000.00 per share. The 2003 ESOP preferred stock provides for cumulative quarterly dividends at the annual rate of \$85.00, \$90.00 or \$95.00 based on the Current Market Price, as that term is used in the certificate of designations for the 2003 ESOP preferred stock, of one share of common stock as of a fixed trading date. All outstanding shares of 2003 ESOP preferred stock are held of record by a trustee acting on behalf of the Plan. The 2003 ESOP preferred stock is subject to redemption, in whole or in part, at our option, at a price equal to the higher of:

- \$1,000.00 per share, plus accrued and unpaid dividends thereon to the date fixed for redemption; and
- the Fair Market Value per share of 2003 ESOP preferred stock, as that term is used in the certificate of designations for the 2003 ESOP preferred stock, on the date fixed for redemption.

The 2003 ESOP preferred stock is mandatorily convertible, without any further action on our part or on the part of the holder, into common stock at the applicable Conversion Price, as that term is used in the certificate of designations for the 2003 ESOP preferred stock, when:

- the 2003 ESOP preferred stock is released from the unallocated reserve of the Plan in accordance with the terms of the Plan; or
- when record ownership of the shares of 2003 ESOP preferred stock is transferred to any person other than a successor trustee under the Plan.

In addition, a holder of 2003 ESOP preferred stock is entitled, at any time before the date fixed for redemption, to convert shares of 2003 ESOP preferred stock held by that holder into shares of common stock at the then-applicable Conversion Price.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of 2003 ESOP preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to holders of common stock, \$1,000.00 per share, plus accrued and unpaid dividends.

Except as required by law, the holders of 2003 ESOP preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. The 2003 ESOP preferred stock does not have preemptive rights and is not subject to any sinking fund and we are not otherwise obligated to repurchase or redeem the 2003 ESOP preferred stock.

Series B Preferred Stock. The series B preferred stock provides for quarterly cumulative dividends. Each quarterly dividend payment equals \$50.00 multiplied by the dividend rate for that



dividend period, divided by four. The dividend rate for a given dividend payment is equal to 76% of the highest of:

- the three-month Treasury Bill Rate;
- the Ten Year Constant Maturity Rate; or
- the Twenty Year Constant Maturity Rate, as each term is used in the certificate of designations for the series B preferred stock.

In no event, however, will the dividend rate be less than 5.5% on an annual basis or greater than 10.5% on an annual basis. The series B preferred stock is subject to redemption, in whole or in part, at our option, at a per share price equal to \$50.00, plus accrued and unpaid dividends thereon to the date fixed for redemption.

In the event of our voluntary or involuntary liquidation, dissolution or winding up of our business, the holders of series B preferred stock are entitled to receive out of our assets available for distribution to stockholders, before any distribution of assets is made to the holders of common stock, a per share amount equal to \$50.00, plus accrued and unpaid dividends to the date of final distribution.

Except as required by law, the holders of series B preferred stock are not entitled to vote, except under the limited circumstances described below under “—Voting Rights”. Holders of series B preferred stock have no rights to convert their shares into or exchange their shares for any other shares of our capital stock. The series B preferred stock does not have preemptive rights and is not subject to any sinking fund, and we are not otherwise obligated to repurchase or redeem the series B preferred stock. Our outstanding shares of series B preferred stock are listed on the New York Stock Exchange under the symbol “WFCPRB”.

Voting Rights of Preferred Stock. Except as described in this section, or except as expressly required by applicable law, the holders of preferred stock are not entitled to vote.

If we have not paid dividends on any series of the outstanding preferred stock for more than 540 days (or, in the case of series B preferred stock, we have not paid dividends in an amount equal to six quarterly dividend payments, whether or not consecutive), the holders of that series, together with the holders of outstanding shares of all other series of the outstanding preferred stock ranking equally to that series as to distribution upon liquidation and having similar voting rights which are then exercisable, will be entitled to vote for the election of two additional directors at the next annual meeting of our stockholders. If the holders of a series of the outstanding preferred stock are entitled to elect two additional directors, then each share of the outstanding preferred stock will have one vote. In such case, the size of our board of directors will increase by two directors. After we pay the full amount of dividends to which the holders of the series of the outstanding preferred stock are entitled, those holders will no longer have a vote for the election of two additional directors.

Unless we receive the consent of the holders of a series of the outstanding preferred stock and the outstanding shares of all other series of preferred stock which:

- rank equal with that series either as to dividends or the distribution of assets upon liquidation, dissolution or winding up of our business, and
- have voting rights that are exercisable and that are similar to those of that series, we will not:



- authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock ranking prior to that outstanding preferred stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of our business; or
- amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of our restated certificate of incorporation, as amended, or of the resolutions contained in a certificate of designation creating that series of the preferred stock in a way that materially and adversely affects any right, preference, privilege or voting power of that outstanding preferred stock.

This consent must be given by the holders of at least two-thirds of all outstanding preferred stock described in the preceding sentence, voting together as a single class. However, we will not be required to obtain this consent with respect to any amendment, alteration or repeal affecting the rights, preferences, privileges or voting powers of preferred stock of the type described above, if we only:

- increase the amount of the authorized preferred stock;
- create and issue another series of preferred stock; or
- increase the amount of authorized shares of any series of preferred stock;

so long as that preferred stock in each case ranks equal with or junior to the shares of outstanding preferred stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of our business.



MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax consequences of the beneficial ownership and disposition of the debentures and our common stock into which the debentures may be converted. This discussion applies only to holders that:

- are initial holders who purchase the debentures at the “issue price” (as defined below); and
- hold the debentures and our common stock as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and certain traders in securities;
- persons holding the debentures or our common stock as part of a “straddle,” “hedge,” “conversion” or similar transaction;
- United States holders (as defined below) whose functional currency is not the U.S. dollar;
- certain former citizens or residents of the United States;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; and
- persons subject to the alternative minimum tax.

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein, possibly with retroactive effect. Persons considering the purchase of the debentures are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Classification of the Debentures

The debentures will be treated as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments (the “contingent debt regulations”). Under the indenture governing the debentures, we will agree, and by acceptance of a beneficial interest in a debenture each holder of a debenture will be deemed to have agreed, to treat the debentures as indebtedness for U.S. federal income tax purposes that is subject to the contingent debt regulations. Pursuant to the terms of the indenture, we and every holder agree (in the absence of an administrative determination or judicial ruling to the contrary) to be bound by our application of the contingent debt regulations to the debentures, including our determination of the projected payment schedule (as described below) and the rate at which interest will be deemed to accrue on the debentures for U.S. federal income tax purposes. Recently, the Internal Revenue Service (which we refer to as the IRS) issued Revenue Ruling 2002-31 and Notice 2002-36, addressing the U.S. federal income tax classification and treatment of instruments similar, although not identical, to the debentures, and concluded that the instruments addressed in that published guidance were subject to the contingent



debt regulations. In addition, the IRS also clarified various aspects of the potential applicability of certain other provisions of the Code to the instruments addressed in that published guidance. However, the applicability of Revenue Ruling 2002-31 to any particular instruments, such as the debentures, is uncertain. In addition, no rulings have been sought or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. As a result, no assurance can be given that the IRS will agree with the tax characterizations and the tax consequences described below. A different treatment of the debentures for U.S. federal income tax purposes could significantly alter the amount, timing, character and treatment of income, gain or loss recognized in respect of the debentures from that which is described below. Accordingly, you are urged to consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the debentures and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The remainder of this discussion assumes that the debentures will be treated as indebtedness subject to the contingent debt regulations as described above.

Tax Consequences to United States Holders

As used herein, the term "United States holder" means a beneficial owner of a debenture that is for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Interest Accruals on the Debentures

Under the contingent debt regulations, a United States holder, regardless of its method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on the debentures on a constant yield basis at an assumed yield (the "comparable yield") determined at the time of issuance of the debentures. Accordingly, for U.S. federal income tax purposes, United States holders will be required to include interest, which we refer to as tax original issue discount, in income in each year prior to maturity at the comparable yield, even if no interest payment is actually received in that year. The comparable yield for the debentures is based on the yield at which we could issue a nonconvertible fixed rate debt instrument with no contingent payments, but with terms otherwise similar to those of the debentures. We have determined the comparable yield to be 5.83%, compounded quarterly.

Solely for purposes of determining the amount of tax original issue discount that a United States holder will be required to accrue, we are required to construct a "projected payment schedule" in respect of the debentures representing a series of payments the amount and timing of which would produce a yield to maturity on the debentures equal to the comparable yield. The projected payment schedule for the debentures includes estimates for payments of regular interest and for a payment at maturity. Holders that wish to obtain the projected payment schedule may do so by contacting Wells Fargo & Co., Wells Fargo Center, MAC #N9305-173, Sixth and Marquette, Minneapolis, Minnesota, 55479, Attention: Laurel A. Holschuh.



Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual amount that will be paid on the debentures, or the value at any time of the common stock into which the debentures may be converted. For U.S. federal income tax purposes, a United States holder is required under the contingent debt regulations to use the comparable yield and the projected payment schedule established by us in determining interest accruals and adjustments in respect of a debenture, unless such United States holder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

The contingent debt regulations provide that a United States holder must accrue an amount of ordinary interest income, as original issue discount for U.S. federal income tax purposes, for each accrual period prior to and including the maturity date of the debentures that equals:

- (1) the product of (i) the adjusted issue price (as defined below) of the debentures as of the beginning of the accrual period; and (ii) the comparable yield to maturity of the debentures, adjusted for the length of the accrual period;
- (2) divided by the number of days in the accrual period; and
- (3) multiplied by the number of days during the accrual period that the United States holder held the debentures.

A debenture's issue price is the first price to the public at which a substantial amount of the debentures is sold, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a debenture is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the amount of any projected payments previously made with respect to the debentures.

Amounts treated as interest under the contingent debt regulations are treated as original issue discount for all purposes of the Code.

In addition to the interest accrual discussed above, a United States holder will be required to recognize interest income equal to the amount of the excess of actual payments over projected payments (a "positive adjustment") in respect of a debenture for a taxable year. For this purpose, the payments in a taxable year include the fair market value of property (including our common stock) received in that year. If a United States holder receives actual payments that are less than the projected payments in respect of a debenture for a taxable year, the United States holder will incur a "negative adjustment" equal to the amount of such difference. This negative adjustment will (i) first reduce the amount of interest in respect of the debenture that a United States holder would otherwise be required to include in the taxable year and (ii) to the extent of any excess, will give rise to an ordinary loss equal to that portion of such excess that does not exceed the excess of (A) the amount of all previous interest inclusions under the debenture over (B) the total amount of the United States holder's net negative adjustments treated as ordinary loss on the debenture in prior taxable years. A net negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any negative adjustment in excess of the amounts described in (i) and (ii) will be carried forward to offset future interest income in respect of the debentures or to reduce the amount realized on a sale, exchange, conversion or retirement of the debentures. On May 1, 2032, if a remarketing reset event has previously occurred, the single remaining payment on the debenture will have become fixed. Under the contingent debt regulations, any positive or negative adjustment relating to such payment must be taken into account in a reasonable manner over the remaining term of the debenture.



Sale, Exchange, Conversion or Retirement of the Debentures

Upon a sale, exchange, conversion or retirement of a debenture for cash or our common stock, a United States holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, conversion or retirement (including the fair market value of our common stock received, if any) and such United States holder's adjusted tax basis in the debenture. A United States holder's adjusted tax basis in a debenture will generally be equal to the United States holder's purchase price for the debenture increased by any interest income previously accrued by the United States holder (determined without regard to any positive or negative adjustments to interest accruals described above) and decreased by the amount of any projected payments previously made on the debenture to the United States holder. A United States holder generally will treat any gain as interest income and any loss as ordinary loss to the extent of the excess of previous interest inclusions over the total negative adjustments previously taken into account as ordinary loss, and the balance as capital loss. The deductibility of capital losses is subject to limitations. A United States holder who sells the debentures at a loss that meets certain thresholds may be required to file a disclosure statement with the IRS under newly promulgated Treasury regulations.

A United States holder's tax basis in our common stock received upon a conversion of a debenture will equal the then current fair market value of such common stock. The United States holder's holding period for the common stock received will commence on the day immediately following the date of conversion.

Constructive Dividends

If at any time we increase the conversion rate, either in our discretion or pursuant to the anti-dilution provisions, the increase may be deemed to be the payment of a taxable dividend to the United States holders of the debentures. For example, an increase in the conversion rate in the event of distributions of our evidences of indebtedness or our assets will generally result in deemed dividend treatment to United States holders of the debentures.

Generally, a reasonable increase in the conversion rate in the event of stock dividends or distributions of rights to subscribe for our common stock will not be a taxable dividend.

Taxation of Distributions on Common Stock

Distributions paid on our common stock received upon a conversion of a debenture, other than certain pro rata distributions of common shares, will be treated as a dividend to the extent paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in income by the United States holder and taxable as ordinary income when received or accrued, in accordance with such United States holder's method of accounting. If a distribution exceeds our current and accumulated earnings and profits, the excess will be first treated as a tax-free return of the United States holder's investment, up to the United States holder's tax basis in the common stock. Any remaining excess will be treated as a capital gain.

Sale or Other Disposition of Common Stock

Gain or loss realized by a United States holder on the sale or other disposition of our common stock received upon a conversion of a debenture will be capital gain or loss for U.S. federal income tax purposes, and will be long-term capital gain or loss if the United States holder held the common stock



for more than one year. The amount of the United States holder's gain or loss will be equal to the difference between the United States holder's tax basis in the common stock disposed of and the amount realized on the disposition. A United States holder who sells the stock at a loss that meets certain thresholds may be required to file a disclosure statement with the IRS under newly promulgated Treasury regulations.

Tax Consequences to Non-United States Holders

As used herein, the term "Non-United States holder" means a beneficial owner of a debenture that is, for U.S. federal income tax purposes:

- an individual who is classified as a nonresident alien for U.S. federal income tax purposes;
- a foreign corporation; or
- a nonresident alien fiduciary of a foreign estate or trust.

Debentures

All payments on the debentures made to a Non-United States holder, and any gain realized on a sale or exchange, conversion or retirement, of the debentures, will be exempt from U.S. federal income and withholding tax, provided that: (i) the Non-United States holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership and is not a bank receiving certain types of interest, (ii) the certification requirement described below has been fulfilled with respect to the Non-United States holder, (iii) such payments are not effectively connected with the conduct by such Non-United States holder of a trade or business in the United States and (iv) in the case of gain realized on the sale, exchange, conversion or retirement of the debentures we are not, and have not been within the shorter of the five year period preceding such sale, exchange, conversion, or retirement and the period the Non-United States holder held the debentures, a U.S. real property holding corporation. We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes. However, if a Non-United States holder were deemed to have received a constructive dividend (see "Tax Consequences to United States Holders—Constructive Dividends" above), the Non-United States holder generally will be subject to United States withholding tax at a 30% rate, subject to a reduction by an applicable treaty, on the taxable amount of the dividend. A Non-United States holder who is subject to withholding tax under such circumstances should consult his own tax adviser as to whether he can obtain a refund for all or a portion of the withholding tax.

The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a debenture certifies on IRS Form W-8BEN, under penalties of perjury, that it is not a U.S. person and provides its name and address.

If a Non-United States holder of a debenture is engaged in a trade or business in the United States, and if payments on the debenture are effectively connected with the conduct of this trade or business, the Non-United States holder, although exempt from U.S. withholding tax, will generally be taxed in the same manner as a United States holder (see "Tax Consequences to United States Holders" above), except that the Non-United States holder will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. These Non-United States holders should consult their own tax advisers with respect to other tax consequences of the ownership of the debentures, including the possible imposition of a 30% branch profits tax.



Common Stock

Dividends paid to a Non-United States holder of common stock generally will be subject to U.S. withholding tax at a 30% rate, subject to reduction under an applicable treaty. In order to obtain a reduced rate of withholding, a Non-United States holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits under a treaty. A Non-United States holder who is subject to withholding tax under such circumstances should consult his own tax adviser as to whether he can obtain a refund for all or a portion of the withholding tax.

If a Non-United States holder of common stock is engaged in a trade or business in the United States, and if the dividends are effectively connected with the conduct of this trade or business, the Non-United States holder, although exempt from U.S. withholding tax, will generally be taxed in the same manner as a United States holder (see "Tax Consequences to United States Holders" above), except that the Non-United States holder will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. These Non-United States holders should consult their own tax advisers with respect to other tax consequences of the ownership of the common stock, including the possible imposition of a 30% branch profits tax.

A Non-United States holder generally will not be subject to U.S. federal income and withholding tax on gain realized on a sale or other disposition of the common stock received upon a conversion of a debenture, unless:

- the gain is effectively connected with the conduct by such Non-United States holder of a trade or business in the United States,
- in the case of a Non-United States holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or
- we are or have been a U.S. real property holding corporation at any time within the shorter of the five year period preceding such sale, exchange or disposition and the period the Non-United States holder held the common stock.

We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes.

If a Non-United States holder of common stock is engaged in a trade or business in the United States, and if the gain on the common stock is effectively connected with the conduct of this trade or business, the Non-United States holder will generally be taxed in the same manner as a United States holder (see "Tax Consequences to United States Holders" above). These Non-United States holders should consult their own tax advisers with respect to other tax consequences of the disposition of the common stock, including the possible imposition of a 30% branch profits tax.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the debentures, common stock and the proceeds from a sale or other disposition of the debentures or common stock. A United States holder may be subject to United States backup withholding tax on these payments if it fails to provide its taxpayer identification number to the paying agent and comply with certification procedures or otherwise establish an exemption from backup withholding. A Non-United States holder



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may be subject to United States backup withholding tax on these payments unless the Non-United States holder complies with certification procedures to establish that it is not a U.S. person. The certification procedures required to claim the exemption from withholding tax on certain payments on the debentures, described above, will satisfy the certification requirements necessary to avoid the backup withholding tax as well. The amount of any backup withholding from a payment will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Disclosure Authorization

Effective from the date of this offering memorandum, you and each of your employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the debentures and all materials of any kind, relating to such tax treatment and tax structure.



NOTICE TO INVESTORS

The debentures and the shares of common stock issuable upon conversion thereof have not been registered under the Securities Act. Therefore, neither the debentures nor the shares of common stock issuable upon conversion of the debentures will be offered or sold in the United States, except to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A in transactions exempt from the registration requirements of the Securities Act. Subsequent transfers will be limited as described below.

Except as set forth under the caption "Description of Debentures—Registration Rights," Wells Fargo and the initial purchasers have made no representations with respect to, and none of them has assumed any responsibility for, (i) the registration of any of the debentures or shares of common stock issuable upon conversion of the debentures or the availability of any exemption from the registration requirements of the Securities Act with respect to offers, sales and deliveries of the debentures or the shares of common stock issuable upon conversion of the debentures or (ii) the circumstances under which the debentures or the shares of common stock issuable upon conversion of the debentures may lawfully be offered, sold or delivered.

In addition, no action has been or, except as described above under the caption "Description of Debentures—Registration Rights," will be taken by Wells Fargo or the initial purchasers that would permit a public offering of the debentures or the shares of common stock issuable upon conversion of the debentures, or the possession or distribution of this offering memorandum or any amendment or supplement, or any other offering material relating to the debentures or the shares of common stock issuable upon conversion of the debentures in any jurisdiction where action for any such purpose may be required.

The debentures and the shares of common stock issuable upon conversion of the debentures are expected to be eligible for quotation on the PORTAL system. Any sale of a debenture or a share of common stock through the PORTAL system may be made only in accordance with the rules governing the PORTAL system.

Each purchaser of a debenture offered hereby, by its acceptance thereof, will be deemed to have represented to and agreed with the initial purchasers and Wells Fargo as follows:

- (1) It understands and acknowledges that the debentures and the shares of common stock issuable upon conversion of the debentures have not been registered under the Securities Act or any other applicable securities laws, are being offered for resale in transactions not requiring registration under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to any exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) At the time of the issuance of the debentures it is a "qualified institutional buyer," as defined in Rule 144A promulgated under the Securities Act, and is aware that any sale of the debentures to it will be made in reliance on Rule 144A. Such acquisition will be for its own account or for the account over which it exercises sole investment discretion of another qualified institutional buyer.
- (3) It acknowledges that neither Wells Fargo nor the initial purchasers nor any person representing Wells Fargo or the initial purchasers has made any representations to it with



respect to Wells Fargo or the offering or sale of any debentures or shares of common stock other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the debentures.

- (4) It agrees, and each subsequent holder of a debenture or shares of common stock issued upon conversion of a debenture by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such debentures or shares of common stock issued upon conversion of a debenture prior to the date that is two years after the later of the original issue date and the last date on which Wells Fargo or any affiliate of Wells Fargo was the owner of such debentures or shares of common stock (the "resale restriction termination date") only (i) to Wells Fargo or any subsidiary or affiliate thereof, (ii) for so long as the debentures are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to which notice is given that the transfer is being made in reliance on Rule 144A, (iii) pursuant to a registration statement which has been declared effective under the Securities Act or (iv) pursuant to any other available exemption from the registration requirements of the Securities Act, including under Rule 144, if available, subject in each of the foregoing cases to applicable state securities laws and any requirements of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control. Each purchaser acknowledges that prior to the resale restriction termination date Wells Fargo and the trustee (in the case of debentures) reserve the right to require, prior to any offer, sale or other transfer made pursuant to clause (iv) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to Wells Fargo and the trustee, as the case may be.

Each purchaser acknowledges that each debenture and each share of common stock issued upon conversion will contain a legend substantially to the following effect:

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH WELLS FARGO & COMPANY (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A



PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHTS OF THE COMPANY AND THE WITHIN MENTIONED TRUSTEE PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED AFTER THE RESALE RESTRICTION TERMINATION DATE UPON THE REQUEST OF THE HOLDER AND THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATES AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY.

The foregoing restrictions will not apply to a debenture or the common stock issuable upon conversion of a debenture subsequent to the resale restriction termination date or after such debenture or common stock has been sold pursuant to an effective registration statement or Rule 144.

- (5) It acknowledges that Wells Fargo, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that, if any of the acknowledgments, representations, warranties or agreements deemed to have been made by such purchaser by its purchase of debentures are no longer accurate, such purchaser shall promptly notify the initial purchasers.



PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a purchase agreement dated the date hereof, the initial purchasers named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. are acting as joint book-running managers, have severally agreed to purchase, and we have agreed to sell to the initial purchasers, the respective principal amounts of debentures set forth opposite their names below.

<u>Name</u>	<u>Principal Amount</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$1,090,800,000
Morgan Stanley & Co. Incorporated	1,090,800,000
Goldman, Sachs & Co.	545,400,000
Wells Fargo Securities, LLC	136,500,000
J.P. Morgan Securities Inc.	81,900,000
Samuel A. Ramirez & Company, Inc.	27,300,000
The Williams Capital Group, L.P.	27,300,000
Total	<u>\$3,000,000,000</u>

The initial purchasers will initially offer the debentures to purchasers at the price indicated on the cover page of this offering memorandum. After the initial offering of the debentures, the offering price and other selling terms may from time to time be varied by the initial purchasers.

The purchase agreement provides that the obligation of the initial purchasers to pay for and accept delivery of the debentures is subject to, among other conditions, the delivery of certain legal opinions by their counsel.

We have granted the initial purchasers the right to purchase within a 13 day period beginning on the date of original issuance of the debentures up to an additional \$450,000,000 aggregate principal amount of debentures.

The purchase agreement provides that Wells Fargo, on one hand, and the initial purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the other may be required to make in respect thereof.

We have been advised that the initial purchasers propose to resell the debentures at the offering price set forth on the cover page of this offering memorandum to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A. See "Notice to Investors."

The debentures, and the common stock issuable upon conversion thereof, have not been registered under the Securities Act and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Resales of the debentures and the common stock issuable upon conversion thereof are restricted as described below under "Notice to Investors."

The debentures have been designated eligible for trading in the PORTAL Market. Certain of the initial purchasers have advised us that they presently intend to make a market in the debentures as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to make a market in the debentures and any such market making may be discontinued at any time at the sole



discretion of the initial purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the debentures.

Wells Fargo has agreed that it will not, without the prior written consent of the joint book-running managers, during the period ending 90 days after the date of this offering memorandum:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of the debentures to the initial purchasers; or
- the issuance by Wells Fargo of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this offering memorandum and the issuance by Wells Fargo of options or shares under outstanding employee and director benefit plans, stock purchase plans and incentive plans; or
- the issuance by Wells Fargo of common stock in connection with its dividend reinvestment plan; or
- swaps by Wells Fargo in the ordinary course of business for or on the order of customers; or
- the issuance by Wells Fargo of common stock in connection with acquisitions.

To facilitate the offering of the debentures, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the debentures. Specifically, the initial purchasers may overallot in connection with this offering, creating a short position in the debentures for their own account. In addition, to cover overallocments or to stabilize the price of the debentures, the initial purchasers may bid for, and purchase, the debentures in the open market. Finally, the initial purchasers may reclaim selling concessions allowed to an agent or a dealer for distributing the debentures in the offering, if the initial purchasers repurchase previously distributed debentures in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the debentures above independent market levels. The initial purchasers are not required to engage in these activities, and may end any of these activities at any time.

The initial purchasers and their affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The initial purchasers may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.



LEGAL MATTERS

Mary E. Schaffner, who is our Senior Counsel, will issue an opinion about the legality of the debentures offered in this offering memorandum. Ms. Schaffner owns, or has the right to acquire, a number of shares of our common stock that represents less than 0.1% of the total outstanding common stock. Faegre & Benson LLP will pass upon certain legal matters for us in connection with the debentures offered in this offering memorandum. Davis Polk & Wardwell, New York, New York and Sidley Austin Brown & Wood LLP will pass upon certain legal matters for the initial purchasers in connection with the debentures offered in this offering memorandum.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Wells Fargo as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.



ANNEX A

Form of Selling Securityholder Notice and Questionnaire

The undersigned beneficial holder of Floating Rate Convertible Senior Debentures due 2033 ("Debentures") of Wells Fargo & Company (the "Company") or common stock, par value \$1 2/3 (the "Common Stock" and, together with the Debentures, the "Registrable Securities") of the Company issuable upon conversion of the Debentures understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (the "Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement"), dated as of April 15, 2003, between the Company and the Initial Purchaser named therein. The Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Each beneficial owner of Registrable Securities is entitled to the benefits of the Registration Rights Agreement. In order to sell or otherwise dispose of any Registrable Securities pursuant to the Shelf Registration Statement, a beneficial owner of Registrable Securities generally will be required to be named as a selling securityholder in the related prospectus, deliver a prospectus to purchasers of Registrable Securities and be bound by those provisions of the Registration Rights Agreement applicable to such beneficial owner (including certain indemnification provisions as described below). Beneficial owners are encouraged to complete and deliver this Notice and Questionnaire prior to the effectiveness of the Shelf Registration Statement so that such beneficial owners may be named as selling securityholders in the related prospectus at the time of effectiveness. Upon receipt of a completed Notice and Questionnaire from a beneficial owner following the effectiveness of the Shelf Registration Statement, the Company will within ten business days of such receipt, file such amendments to the Shelf Registration Statement or supplements to the related prospectus as are necessary to permit such holder to deliver such prospectus to purchasers of Registrable Securities.

Certain legal consequences arise from being named as selling securityholders in the Shelf Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and the related prospectus.

Notice

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Securities hereby gives notice to the Company of its intention to sell or otherwise dispose of Registrable Securities beneficially owned by it and listed below in Item 3 (unless otherwise specified under Item 3) pursuant to the Shelf Registration Statement. The undersigned, by signing and returning this Notice and Questionnaire, understands that it will be bound by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate and complete.



Questionnaire

1. (a) Full legal name of Selling Securityholder:

(b) Full legal name of registered holder (if not the same as (a) above) through which Registrable Securities listed in (3) below are held (if the Registrable Securities are held through a broker-dealer or other third party and, as a result, you do not know the legal name of the registered holder, please complete Item (1)(c) below):

(c) Full legal name of the broker-dealer or other third party through which Registrable Securities listed in Item (3) below are held:

(d) Full legal name of the Depository Trust Company participant (if applicable and if not the same as (b) above) through which Registrable Securities listed in (3) below are held:

2. Address for notices to Selling Securityholder:

Telephone, including area code: _____

Fax, including area code: _____

Contact Person: _____

3. Beneficial ownership of Registrable Securities:

(a) Type and Principal Amount or number of shares of Registrable Securities beneficially owned:

(b) CUSIP No(s). of such Registrable Securities beneficially owned:

Unless otherwise indicated in the space provided below, all Debentures and all shares of common stock listed in response to Item (3)(a) above, and all shares of common stock issuable upon conversion of the Debentures listed in response to Item (3)(a) above, will be included in the Shelf Registration Statement. If the undersigned does not wish all such Debentures and or shares of common stock to be so included, please indicate below the principal amount or the number of shares to be included:



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4. Beneficial Ownership of the Company securities owned by the Selling Securityholder:

Except as set forth below in this Item (4), the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item (3).

(a) Type and Amount of other Company securities beneficially owned by the Selling Securityholder:

(b) CUSIP No(s). of such other Company securities beneficially owned:

5. Relationship with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:



6. Plan of distribution:

Except as set forth below, the undersigned (including its donees or pledgees) intends to distribute the Registrable Securities listed above in Item (3) pursuant to the Shelf Registration Statement only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned or alternatively through underwriters or broker-dealers or agents. If the Registrable Securities are sold through underwriters or broker-dealers, the Selling Securityholder will be responsible for underwriting discounts or commissions or agents' commissions and their professional fees. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve block transactions) (i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market or (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market. The Selling Securityholder may pledge or grant a security interest in some or all of the Registrable Securities owned by it and, if it defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell the Registrable Securities from time to time pursuant to the prospectus. The Selling Securityholder also may transfer and donate Registrable Securities in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling securityholder for purposes of the prospectus.

State any exceptions here:

Note: In no event will such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company.

The undersigned acknowledges that it understands its obligation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder relating to stock manipulation, particularly Regulation M thereunder (or any successor rules or regulations) and the provisions of the Securities Act relating to prospectus delivery, in connection with any offering of Registrable Securities pursuant to the Shelf Registration Statement. The undersigned agrees that neither it nor any person acting on its behalf will engage in any transaction in violation of such provisions.

The Selling Securityholder hereby acknowledges its obligations under the Registration Rights Agreement to indemnify and hold harmless certain persons set forth therein.

Pursuant to the Registration Rights Agreement, the Company has agreed under certain circumstances to indemnify the Selling Securityholders against certain liabilities.

In accordance with the undersigned's obligation under the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains effective. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing at the address set forth below.



By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to items (1) through (6) above and the inclusion of such information in the Shelf Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Shelf Registration Statement and the related prospectus.

By signing below, the undersigned agrees that if the Company notifies the undersigned that the Shelf Registration Statement is not available, the undersigned will suspend use of the prospectus until receipt of notice from the Company that the prospectus is again available.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

BENEFICIAL OWNER

By: _____

Name:

Title:

Dated:

PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND
QUESTIONNAIRE
TO WELLS FARGO & COMPANY:

Wells Fargo & Company
c/o Faegre & Benson LLP
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Sonia A. Shewchuk



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